



# Women's Prosperity NETWORK

Be Real • Get Real • Achieve Real Results

The Key to Massive Business Growth:  
Developing Strategic Alliances, Affiliates & Partnerships

Handout

Written Agreements: Things to Consider and Include

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## Partnership Agreement Preparation Questionnaire

1. The name of the partnership shall be \_\_\_\_\_.
2. The name of the partnership business shall be: \_\_\_\_\_.

### **Lasts Until**

#### **1. Set Date**

The partnership shall continue until \_\_\_\_\_, at which time it shall be dissolved and its affairs wound up.

#### **2. Lasts Until Dissolved on Death of Partner**

The partnership shall last until it is dissolved by all the partners, or a partner leaves, for any reason, including death.

#### **3. Lasts for Set Term of Years**

The partnership shall commence as of the date of this Agreement and shall continue for a period of \_\_\_\_ years, at which time it shall be dissolved and its affairs wound up.

#### **4. Lasts Until Dissolved or Partner Withdrawals**

The partnership shall last until it is dissolved by all the partners or until a partner withdraws, retires, dies or otherwise leaves the partnership, under Sections \_\_\_\_ and \_\_\_\_ of this Agreement.

### **Statement of the partners' goals**

The specific purposes of the partnership are set out above. In addition, the goals and dreams of each partner are set out below. The partners understand that this clause is not legally binding, but include it in the Partnership Agreement as a record of their hopes and intentions:

\_\_\_\_\_.

The purpose of the partnership is: \_\_\_\_\_.

### **Payment of Interest on Contributed Capital**

#### **1. Interest to be Paid**

Each partner shall be entitled to interest on his or her capital contribution accruing at the rate of \_\_\_\_\_ percent per year from the date the contribution is paid. This interest shall be treated as an expense to be charged against income on the partnership books and shall be paid to the partner entitled to it \_\_\_\_\_.

#### **2. No Interest Paid**

No partner shall be entitled to receive any interest on any capital contribution



## Partnership Agreement Preparation Questionnaire

### Additional Future Contributions

#### 1. Requirement of Annual Contributions by Partners

Each partner shall contribute annually \_\_\_\_\_ percent of his or her share of each year's profits [or \$ \_\_\_\_\_] to the partnership's capital for a period of \_\_\_\_ years.

#### 2. No Voluntary Contributions Without Consent

No partner may make any voluntary contribution to the partnership without the written content of all the other partners.

#### 3. If Future Contributions Needed

If, at any future time, more money is required to carry on the partnership business, and all partners vote to increase the capital contributions required by partners, the additional capital shall be paid in by the partners \_\_\_\_\_

### Contributions of Cash

#### 1. Equal Cash Contributions, With a Partner Loaning Additional Cash

The initial capital of the partnership shall be a total of \$ \_\_\_\_\_. Each partner shall contribute an equal share amounting to \$ \_\_\_\_\_, no later than \_\_\_\_\_, 19\_\_\_\_. In addition, \_\_\_\_\_ shall loan the partnership \$ \_\_\_\_\_ by \_\_\_\_\_, 19\_\_\_\_. The partnership shall pay \_\_\_\_\_ percent interest on the loan.

#### 2. Equal Cash Contribution

The initial capital of the partnership shall be a total of \$ \_\_\_\_\_. Each partner shall contribute an equal share amounting to \$ \_\_\_\_\_, no later than \_\_\_\_\_, 19\_\_\_\_. Each partner shall own an equal share of the business.

#### 3. Unequal Cash Contribution

The initial capital of the partnership shall consist of cash to be contributed by the partners in the following amounts:

Name	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Each partner's contribution shall be paid in full by \_\_\_\_\_, 20\_\_\_\_.



## Partnership Agreement Preparation Questionnaire

Each partner's ownership share of the business shall be:

Name	Share
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

### **4. Unequal Cash Contributions, to Be Equalized By One Partner's Extra Work in the Business**

The initial capital of the partnership shall consist of cash to be contributed by the partners in the following amounts:

Name	Amount
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Each partner's contribution shall be paid in full by \_\_\_\_\_, 20\_\_\_\_. In addition, to equalize the contributions, \_\_\_\_\_ [NAME] shall contribute an extra \_\_\_\_\_ hours of work valued at \$ \_\_\_\_\_ until the amount contributed by all partners is equal.

## Deferred Contributions

### **1. Monthly Installments**

\_\_\_\_\_ [NAME] shall be a partner, but shall not make any contribution of cash or property to the initial capital of the partnership. \_\_\_\_\_ [HE/SHE] shall subsequently contribute to the partnership capital, and \_\_\_\_\_ [HIS/HER] capital account shall be credited, in the amount of \$ \_\_\_\_\_ per month, beginning \_\_\_\_\_, 19\_\_\_\_, until \_\_\_\_\_ [HE/SHE] has contributed the sum of \$ \_\_\_\_\_.

### **2. Contribution Out of Profit**

\_\_\_\_\_ shall be a partner, but shall not make any contribution of cash or property to the initial capital of the partnership. \_\_\_\_\_. [HE/SHE] shall subsequently contribute to the partnership capital, and \_\_\_\_\_ [HIS/HER] capital account shall be credited \_\_\_\_\_ percent of \_\_\_\_\_ share of the partnership profits for each fiscal year, beginning \_\_\_\_\_, 20\_\_\_\_, until \_\_\_\_\_. [HE/SHE] has contributed the amount of \$ \_\_\_\_\_.



## Partnership Agreement Preparation Questionnaire

### Failure to Make Initial Contribution

#### 1. Partnership Dissolves

If any partner fails to pay his or her initial contribution to the partnership as required by this Agreement, the partnership shall immediately dissolve and each partner who has paid all or any portion of his or her initial contribution to the partnership's capital shall be entitled to a return of the funds and properties he or she contributed.

#### 2. Partnership Continues for Partners Who Have Made Contributions, and No Additional Contribution Required

If any partner fails to pay his or her contribution to the partnership's capital as required by this Agreement, the partnership shall not dissolve or terminate, but it shall continue as a partnership of only the partners who have made their initial capital contributions as required and without any partner who has failed to do so. In that case, the share in the partnership's profits and losses allocated under this Agreement to any partner who has failed to make his or her initial contribution shall be reallocated to the remaining partners in proportion to their respective shares of partnership profits and losses as specified in this Agreement.

#### 3. Partnership Continues--Additional Contributions Are Required

If any partner fails to pay his or her initial contributions to the partnership's capital as required by this Agreement, the partnership shall not dissolve or terminate, but shall continue as a partnership of the partners who have made their initial capital contributions and without any partner who shall have failed to do so, but only if the remaining partners pay the initial capital contribution that was to have been made by the noncontributing partner or partners. The partnership shall promptly give written notice of this failure to all partners who have made their initial capital contributions. The notice shall specify the amount not paid. Within \_\_\_\_ days after the notice is given, the remaining partners shall pay the amount of the defaulted contribution in proportion to the respective amount they are required to pay to the partnership's capital under this Agreement. That share of the profits of the partnership belonging to noncontributing partners shall then be reallocated to the remaining partner in proportion to their respective shares of separate property profits and losses under this Agreement.

#### 4. Failure of Service Partner to Actually Perform Service

If \_\_\_\_\_ fails to contribute the services promised, the partnership shall proceed as follows: \_\_\_\_\_.

### Contributions of Property

#### 1. Intellectual Property--Ownership Transferred to the Partnership

\_\_\_\_\_, the owner of \_\_\_\_\_ hereby agrees to transfer all \_\_\_\_\_ interest in this \_\_\_\_\_ to the partnership with the understanding that all \_\_\_\_\_ interest in the \_\_\_\_\_, including the sole right to license derivative works, shall vest in, and be owned by, the partnership and shall not be \_\_\_\_\_ separate property. In exchange for this transfer, it is agreed that \_\_\_\_\_ shall be credited with a contribution of \$ \_\_\_\_\_ to the partnership. No sale or assignment of, or grant of license under the \_\_\_\_\_ shall be made without the consent of all the partners. Any



## Partnership Agreement Preparation Questionnaire

monies resulting from any such sale, assignment or grant of license shall be divided equally among the partners.

### 2. Intellectual Property--Use Transferred to the Partnership

\_\_\_\_\_[NAME], the owner of \_\_\_\_\_ hereby contributes to the partnership the nonexclusive use of that \_\_\_\_\_, to the partnership, with the understanding that \_\_\_\_\_ [HE/SHE] shall retain sole ownership of the \_\_\_\_\_ along with the sole right to license its use to third parties, and it shall not become a partnership asset. \_\_\_\_\_ [NAME] further agrees that until the termination of the partnership, or until \_\_\_\_\_ death or retirement from it, \_\_\_\_\_ will not, without the consent of all other partners, sell, assign or grant licenses under this \_\_\_\_\_. Any money accruing from a sale or assignment of, or the grant of licenses under such \_\_\_\_\_, which are so authorized, shall be the sole property of \_\_\_\_\_. For the purpose of profit-sharing only, and not for participation in the distribution upon the termination and winding up of the partnership, the partnership will credit \_\_\_\_\_ [NAME] with a contribution in the amount of \$\_\_\_\_\_.

### 3. Loans of Property Made to the Partnership

In addition to the capital contributions defined in this Agreement, some partners have or will loan to the partnership additional items of property, as specified below:

\_\_\_\_\_ shall loan \_\_\_\_\_.  
\_\_\_\_\_ shall loan \_\_\_\_\_.

Each item of property lent to the partnership shall remain the separate property of the lending partner and shall be returned to that partner \_\_\_\_\_.

### 4. Specific Property Contributed

\_\_\_\_\_ shall contribute property valued at \$ \_\_\_\_\_, consisting of \_\_\_\_\_ by \_\_\_\_\_, 20\_\_\_\_.

## Contributions of Service

### 1. Contribution of Services

\_\_\_\_\_ shall make no cash or property contribution at the commencement of the partnership. \_\_\_\_\_ shall donate \_\_\_\_\_ and energies to the partnership for a period of \_\_\_\_\_ and for those services \_\_\_\_\_ [HE/SHE] shall be entitled to \_\_\_\_\_ percent ownership of the business.

### 2. Contribution of Profits from Service Partner

Should \_\_\_\_\_ share of the profits, as defined in this Agreement, exceed \_\_\_\_\_, \_\_\_\_\_ [HE/SHE] shall contribute the excess to \_\_\_\_\_ [HIS/HER] capital account in the business until the total amount of \_\_\_\_\_ capital account shall equal the separate capital contributions made by \_\_\_\_\_ and \_\_\_\_\_.



## Partnership Agreement Preparation Questionnaire

### Draws to Partners

#### 1. Draws Authorized

Partners \_\_\_\_\_ and \_\_\_\_\_ are entitled to draws from expected partnership profits. The amount of each draw will be determined by a vote of the partners. The draws shall be paid \_\_\_\_\_.

#### 2. Draws Exceeding Partners' Actual Shares of Profits To Become Loans to Partners

Notwithstanding the provisions of this Agreement governing drawing permitted by partners, to the extent any partner's withdrawals for draws under those provisions during any fiscal year of the partnership exceed his or her share in the partnership's profits, the excess shall be regarded as a loan from the partnership to him or her that he or she is obligated to repay within \_\_\_\_ days after the end of that fiscal year.

#### 3. Draws Prohibited

No partner shall be entitled to any draw against partnership profits, which shall be distributed only as provided in this Agreement, or subsequent unanimous decision of the partners.

### Distribution of Profits and Losses

#### 1. Unequal Shares: Profits and Losses Keyed to Capital Contributions

The partnership's profits and losses shall be shared by the partners in the same proportions as their initial contributions of capital bear to each other.

#### 2. Unequal Shares: Different Percentages for Profits and Losses

The partnership profits and losses shall be shared among the partners as follows:

Name	Percentage	Percentage of Loss
_____	_____ %	_____ %
_____	_____ %	_____ %
_____	_____ %	_____ %

#### 3. Equal Shares

The partners will share all profits equally, and they will be distributed \_\_\_\_\_.

All losses of the partnership shall also be shared equally.

#### 4. Unequal Shares: Set Percentages

The partnership profits and losses shall be shared among the partners as follows:

Name	Percentage
_____	_____ %
_____	_____ %
_____	_____ %



## Partnership Agreement Preparation Questionnaire

### Distribution of Profits and Losses (continued)

#### 5. Unequal Shares: Set Percentages

The partnership profits and losses shall be shared among the partners as follows:

Name	Percentage
_____	_____ %
_____	_____ %
_____	_____ %

### Retention of Profits for Business Needs

#### 1. General Limitation on Distribution to Retain Cash Business Needs

In determining the amount of profits available for distribution, allowance will be made for the fact that some money must remain undistributed and available as working capital as determined by \_\_\_\_\_.

#### 2. Specific Limitation on Distribution to Retain Cash Business Needs

The aggregate amounts distributed to the partners from the partnership profits shall not exceed \_\_\_\_\_ percent of any net income above \$ \_\_\_\_\_.

### Salaries

#### 1. Salaries to Partners

Partners can be paid reasonable salaries for work they perform in the partnership business.

#### 2. No Salaries to Partners

No partner will be paid any salary, except those that may in the future be decided on by unanimous written consent of all partners.

### Financial Matters

#### 1. Accountant To Determine Profits and Losses

The partnership's net profit or net loss for each fiscal year shall be determined as soon as practicable after the close of that fiscal year. This should be done by a certified public accountant, \_\_\_\_\_ in accordance with the accounting principles employed in the preparation of the federal income tax return filed by the partnership for that year, but without a special provision for tax-exempt or partially tax-exempt income.

#### 2. Periodic Accountings

Accountings of \_\_\_\_\_ shall be made every \_\_\_\_\_.





## Partnership Agreement Preparation Questionnaire

### Financial Matters (continued)

#### 3. Accounting on Request by a Partner

Accountings of any aspect of partnership business shall be made upon written request by any partner.

#### 4. Power To Borrow Money

A partner can borrow money on behalf of the partnership in excess of \$ \_\_\_\_\_ only with prior consent of all partners.

#### 5. Expense Accounts Authorized

An expense account, not to exceed \$ \_\_\_\_\_ per month, shall be set up for each partner for his or her actual, reasonable, and necessary expenses during the course of the business. Each partner shall keep an itemized record of these expenses and be paid once monthly for them on submission of the record.

#### 6. Signature Required on Partnership Checks

All partnership funds shall be deposited in the name of the partnership and shall be subject to withdrawal only on the signatures of at least \_\_\_\_\_ partners.

#### 7. For Businesses Receiving Funds To Be Held in a Trust Account

All trust and other similar funds shall be deposited in a trust account established in the partnership's name at \_\_\_\_\_ bank, and shall be kept separate and not mingled with any other funds of the partnership.

*Or*

All trust and other similar funds shall be deposited in a trust account established in the partnership's name at \_\_\_\_\_ bank, and shall be kept separate and not mingled with any other funds of the partnership.

#### 8. Expense Accounts Not Authorized

The partners individually and personally shall assume and pay:

- All expenses for the entertainment of persons having relations with firm.
- Expenses associated with usual business activities.

#### 9. Prohibition Against Commingling

All partnership funds shall be deposited only in bank accounts bearing the partnership name.

### Decisions

#### 1. All Decisions Unanimous

All partnership decisions must be made by the unanimous agreement of all partners.



## Partnership Agreement Preparation Questionnaire

### 2. Major/Minor Decisions

All major decisions of the partnership business must be made by a unanimous decision of all partners. Minor business decisions may be made by an individual partner. Major decisions are defined

as: \_\_\_\_\_.

## Who Does What, When and How Much

### 1. Hours Worked

Except for vacations, holidays and times of illness, each partner shall work \_\_\_\_\_ hours per week on partnership business

### 2. All Partners Work in Business

All partners shall be actively involved and materially participate in the management and operation of the partnership business.

### 3. Skills Contributed

Each partner named below shall participate in the business by working in the manner described:

Partner	Type of work
_____	_____
_____	_____
_____	_____
_____	_____

### 4. Leaves of Absence

Any partner can take a leave of absence from the partnership under the following terms and conditions: \_\_\_\_\_.

### 5. Meetings

For the purpose of discussing matters of general interest to the partnership, together with the conduct of its business, partners shall meet \_\_\_\_\_ or at such other times agreed upon by the majority of the partners.

### 6. Sick leave

The partnership's sick leave policy for partners is: \_\_\_\_\_.

### 7. Maintenance of Records

Proper and complete books of account of the partnership business shall be kept at the partnership's principal place of business and shall be open to inspection by any of the partners or their accredited representative at any reasonable time during business hours.



## Partnership Agreement Preparation Questionnaire

### Provision for a Managing Partner

#### 1. Managing Partner Handles All Money of the Partnership

All partnership funds shall be deposited in the partnership's name and shall be subject to withdrawal only on the signature of the managing partner.

#### 2. Limited Authority for Managing Partner

The managing partner shall be \_\_\_\_\_. The managing partner shall have control over routine business transactions and day-to-day operating decisions. The managing partner shall not make any major or basic decisions without consent of a majority of the partners. A major or basic decision is defined as:

\_\_\_\_\_.

#### 3. Managing Partner Handles Operating Fund Only

All partnership funds shall be deposited in the partnership's name and shall be subject to withdrawal only on the signatures of at least \_\_\_\_\_ partners, except that a separate account may be maintained with a balance never to exceed \$ \_\_\_\_\_. The amounts in that separate account shall be subject to withdrawal on the signature of the managing partner.

#### 4. Managing Partner Handles Operating Fund Only

All partnership funds shall be deposited in the partnership's name and shall be subject to withdrawal only on the signatures of at least \_\_\_\_\_ partners, except that a separate account may be maintained with a balance never to exceed \$ \_\_\_\_\_. The amounts in that separate account shall be subject to withdrawal on the signature of the managing partner.

#### 5. Salary of Managing Partner

The managing partner shall be paid a monthly salary of \$ \_\_\_\_\_ or such other amount that may be determined by the unanimous written agreement of the partners. This salary shall be treated as a partnership expense in determining its profits or losses.

### Outside Business Activities

#### 1. Permitted, Except for Direct Competition

Any partner may be engaged in one or more other businesses as well as the business of the partnership, but only to the extent that this activity does not directly and materially interfere with the business of the partnership and does not conflict with the time commitments and other obligations of that partner to the partnership under this Agreement. Neither the partnership nor any other partner shall have any right to any income or profit derived by a partner from any business activity permitted under this section.

#### 2. Permitted



## Partnership Agreement Preparation Questionnaire

It is understood and agreed that each partner may engage in other businesses, including enterprises in competition with the partnership. The partners need not offer any business opportunities to the partnership, but may take advantage of those opportunities for their own accounts or for the accounts of other partnerships or enterprises with which they are associated. Neither the partnership nor any other partner shall have any right to any income or profit derived by a partner from any enterprise or opportunity permitted by this section.

### **3. Restricted**

As long as any partner is a member of the partnership, he or she shall devote his or her full work time and energies to the conduct of partnership business, and shall not be actively engaged in the conduct of any other business for compensation or a share in profits as an employee, officer, agent, proprietor, partner, or stockholder. This prohibition shall not prevent him or her from being a passive investor in any enterprise, however, if he or she is not actively engaged in its business and does not exercise control over it. Neither the partnership nor any other partner shall have any right to any income or profit derived from any such passive investment.

### **4. Specific Activities Permitted**

The list below specifies business activities that each partner plans or may do outside of the partnership business. Each partner is expressly authorized to engage in these activities if he or she so desires: \_\_\_\_\_.

## Ownership of Business Assets

### **1. Copyrights**

All copyrighted materials in the partnership name are, and shall remain, partnership property.

### **2. Business Name**

The partnership business name of \_\_\_\_\_ shall be partnership property. In the event of the departure of a partner and/or dissolution of the partnership, control and ownership of the partnership business name shall be determined pursuant to this Agreement.

### **3. Patents**

Any ideas developed by one or another of partners pertaining to partnership business that are the subject of an application for a patent shall be partnership property.

### **4. Trade Secrets**

All trade secrets used or developed by the partnership, including customer lists and sources of supplies, will be owned and controlled by the partnership.

## Unequal Management Powers

### **1. In Accordance With Contributed Capital**

Each partner shall participate in the management of the business. In exercising the powers of management, each partner's vote shall be in proportion to his or her interest in the partnership's capital.



## Partnership Agreement Preparation Questionnaire

### 2. By Fixed Percentage as Agreed on by Partners

In the management, control, and direction of the business, the partners shall have the following percentages of voting power:

Name	Percentage
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

### Conflicts Regarding Right to Buy

#### 1. Auction Bidding

If the partners cannot agree who has the right to purchase the other partners' interest in the business, that right shall be determined by an auction, where each group of partners shall bid on the business. The group eventually offering the highest bid shall have the right to buy the lower bidder's shares of the business. The buying group shall pay for the purchased share of the business under the terms provided in this Agreement.

#### 2. The Coin Flip

If the partners cannot agree on who has the right to purchase the other partners' interest in the business, that right shall be determined by the flip of a coin (to be flipped by \_\_\_\_\_).

#### 3. Requiring Advance Notice of Withdrawal

Unless physically prevented from giving notice, a partner shall give \_\_\_\_\_ written advance notice of his or her intention to leave the partnership. If he or she fails to do so \_\_\_\_\_.

#### 4. The Right of First Refusal Upon Offer from Outside

If any partner receives a bona fide, legitimate offer, whether or not solicited by him or her, from a person not a partner, to purchase all of his or her interest in the partnership, and if the partner receiving the offer is willing to accept it, he or she shall give written notice of the amount and terms of the offer, the identity of the proposed buyer, and his or her willingness to accept the offer to each of the other partners. The other partner or partners shall have the option, within \_\_\_\_\_ days after the notice is given, to purchase that partner's interest on the same terms as those contained in the offer.

#### 5. Refusal of the Remaining Partners To Buy

If the remaining partner or partners do not purchase the departing partner's share of the business, under the terms provided in this Agreement, within \_\_\_\_\_ the entire business of the partnership shall be put up for sale, and listed with the appropriate sales agencies, agents or brokers.



## Partnership Agreement Preparation Questionnaire

### **6. Sale to Partnership at Its Option**

If any partner leaves the partnership, for whatever reason, whether he or she quits, withdraws, is expelled, retires, becomes mentally or physically incapacitated or unable to function as a partner or dies, he or she or his or her estate shall be obligated to sell his or her interest in the partnership to the remaining partner or partners, who may buy that interest, under the terms and conditions set forth in this Agreement.

### **7. Assumption of Departing Partner's Liabilities**

The continuing partnership shall pay, as they came due, all partnership debts and obligations that exist on the date a partner leaves the partnership, and shall hold the departing partner harmless from any claim arising from these debts and obligations.

## **Specific Buy-Out Methods**

### **1. Post Departure Appraisal (Valuing the Business After a Partner Leaves)**

Except as otherwise provided in this Agreement, the value of the partnership shall be determined by an independent appraisal conducted, if possible, by \_\_\_\_\_. The appraisal shall be commenced within \_\_\_\_\_ days of the partner's departure from the partnership. The partnership and the departing partner shall share the cost of the appraisal equally.

### **2. Asset-Valuation Method**

Except as otherwise provided in this Agreement, the value of the partnership shall be made by determining the net worth of the partnership as of the date a partner leaves, for any reason. Net worth is defined as the market value, as of that date, of the following assets:

- a. All tangible property, real or personal, owned by the business;
- b. All the liquid assets owned by the business, including cash on hand, bank deposits and CDs or other monies;
- c. All accounts receivable;
- d. All earned but unbilled fees;
- f. All money presently earned for work in progress;
- g. Less the total amount of all debts owed by the business

### **3. The Capitalization of Earnings Method**

Except as otherwise provided in this Agreement, the value of the partnership shall be determined as follows:

- a. The average yearly earnings of the business shall be calculated for the preceding \_\_\_\_\_.
- b. "Earnings," as used in this clause, is defined as: \_\_\_\_\_.
- c. The average yearly earnings shall then be multiplied by a multiple of \_\_\_\_\_ to give the value of the business, except as provided for in Section 4, below;
- d. Additional factors: \_\_\_\_\_



## Partnership Agreement Preparation Questionnaire

### **4. Revision of Valuation Method**

The partners understand and agree that the preceding business-valuation clause may not fully and adequately reflect the worth of the business after it has been successfully established, if the business has earned goodwill. Therefore, the partners agree that \_\_\_\_\_ after the commencement of the business they will meet to consider amending this business-valuation clause to include a method that will reflect any goodwill earned by the business.

### **5. Set-Dollar Method**

Except as otherwise provided in this Agreement, the value of a partner's interest in the partnership shall be determined as follows:

- a. Within \_\_\_\_\_ days after the end of each fiscal year of the partnership, the partners shall determine the partnership's value by unanimous written agreement, and that value shall remain in effect from the date of that written determination until the next such written determination.
- b. Should the partners be unable to agree on a value or otherwise fail to make any such determination, the partnership's value shall be the greater of (a) the value last established under this section, or (b) \_\_\_\_\_.
- c. \_\_\_\_\_.

### **6. Varying the Buy-Out Price Depending on When, or the Reason Why, a Partner Departs**

The preceding method for calculating the value of the business shall be varied as stated below, for the reasons stated below:

\_\_\_\_\_.

### **7. Insurance Proceeds: Disability or Death of a Partner**

If a partner becomes disabled or dies, the value of his or her interest in the partnership, including for estate purposes, shall be the proceeds paid by the disability or death insurance policy maintained by the partnership [or other partners] for that partner.

## **Payments**

### **1. Cash Payment**

Whenever the partnership is obligated or chooses to purchase a partner's interest in the partnership, it shall pay for that interest in cash within \_\_\_\_\_.

### **2. Lump Sum, Then Equal Monthly Payments**

Whenever the partnership is obligated to, or chooses to, purchase a partner's interest in the partnership, it shall pay for that interest as follows:

First: It shall pay the departing partner \_\_\_\_\_ within \_\_\_\_\_.

Second: After that initial payment, it shall pay the balance owed by promissory note of the partnership. Any promissory note shall be dated as of the effective date of the purchase, shall mature in not more than \_\_\_\_\_ years, shall be payable in equal installments that come due monthly [shall bear interest at the rate of \_\_\_\_\_ percent per annum] [and may, at the



## Partnership Agreement Preparation Questionnaire

partnership's option, be subordinated to existing and future debts to banks and other institutional lenders for money borrowed]. The first payment shall be made \_\_\_\_\_ days after the date of the promissory note.

### **3. Equal Monthly Payments**

Whenever the partnership is obligated or chooses to purchase a partner's interest in the partnership, it shall pay for that interest by promissory note of the partnership. Any promissory note shall be dated as of the effective date of the purchase, shall mature in not more than \_\_\_\_\_ years, shall be payable in equal installments that come due monthly [and shall bear interest at the rate of \_\_\_\_\_ percent per annum] [and may, at the partnership's option, be subordinated to existing and future debts to banks and other institutional lenders for money borrowed]. The first payment shall be made \_\_\_\_\_ days after the date of the promissory note.

## Partner Exiting

### **1. Partnership Continues**

In the case of a partner's death, permanent disability, retirement, voluntary withdrawal, expulsion from the partnership or death, the partnership shall not dissolve or terminate, but its business shall continue without interruption and without any break in continuity. On the disability, retirement, withdrawal, expulsion or death of any partner, the others shall not liquidate or wind up the affairs of the partnership, but shall continue to conduct a partnership under the terms of this Agreement.

### **2. Expulsion and Arbitration**

Any decision of expulsion made by the partners pursuant to this Agreement shall be final and shall not be subject to arbitration or other review, including review by any court.

### **3. Expulsion of a Partner**

A partner may be expelled from the partnership by a vote of \_\_\_\_\_.

Expulsion shall become effective when written notice of expulsion is served on the expelled partner. When the expulsion becomes effective, the expelled partner's right to participate in the partnership's profits and his or her other rights, powers and authority as a partner of the partnership shall terminate. An expelled partner shall be entitled to receive the value of his or her interest in the partnership, as that value is defined in this Agreement.

### **4. A Partner's Bankruptcy and Expulsion**

Notwithstanding any other provision of this Agreement, a partner shall cease to be a partner and shall have no interest in common with the remaining partners or in partnership property when the partner does any of the following:

1. Obtains or becomes subject to an order of relief under the Bankruptcy Code.
2. Obtains or becomes subject to an order or decree of insolvency under state law.
3. Makes an assignment for the benefit of creditors.
4. Consents to or accepts the appointment of a receiver or trustee to any substantial part of his or her assets that is not vacated within \_\_\_\_\_ days.





## Partnership Agreement Preparation Questionnaire

5. Consents to or accepts an attachment or execution of any substantial part of his or her assets that's not released within \_\_\_\_\_ days.

From the date of any of the preceding events, he or she shall be considered as a seller to the partnership of his or her interest in the partnership as set forth in this Agreement.

If a partner is expelled for one of the above reasons, the partnership shall not be dissolved, but shall continue to function without interruption.

### **5. Non-competition Clause**

On the voluntary withdrawal, permanent disability, retirement, death or expulsion of any partner, that partner shall not carry on a business the same as or similar to the business of the partnership within the \_\_\_\_\_ for a period of \_\_\_\_\_.

## **Insurance and Partner's Estate Planning**

### **1. Cross-Purchase of Life Insurance**

Each partner shall purchase and maintain life insurance [and disability insurance] on the life of each other partner in the face value of \$ \_\_\_\_\_.

### **2. Insurance Policies and Partner's Departure**

On the withdrawal or termination of any partner for any reason other than his or her death [add "or disability" if the partners purchase disability insurance on each other], any insurance policies on his or her life ["or health"], for which the partnership paid the premiums, shall be delivered to that partner and become his or her separate property. If the policy has a cash surrender value, that amount shall be paid to the partnership by the withdrawing partner, or offset against the partnership's obligations to him or her.

### **3. Partnership Insurance Policies**

The life insurance policies owned by the partnership on the lives of each partner are assets of the partnership only in so far as they have cash surrender value preceding the death of a partner.

## **Control of the Business Name**

### **1. Control of Name To Be Decided at Later Date**

The partnership business name of \_\_\_\_\_ is owned by the partnership. Should any person cease to be a partner and desire to use the partnership business name, and the remaining partners desire to continue the partnership and continue use of the partnership business name, ownership and control of the partnership business name shall be decided by \_\_\_\_\_.

### **2. Dissolution: Majority Owns Name**

In the event of dissolution, the partnership business name of \_\_\_\_\_ shall be owned by a majority of the former partners. Any other former partner is not entitled to ownership or use of the partnership business name.



## Partnership Agreement Preparation Questionnaire

### 3. One Partner Owns Name

The partnership business name of \_\_\_\_\_ shall be solely owned by \_\_\_\_\_, if \_\_\_\_\_ ceases to be a partner.

### 4. Partnership Continues To Own Name

The partnership business name of \_\_\_\_\_ is owned by the partnership. Should any partner cease to be a member of the partnership, the partnership shall continue to retain exclusive ownership and right to use the partnership business name.

## Arbitration

### 1. Arbitration With One Arbitrator

a. The partners agree that, except as otherwise provided in this Agreement, any dispute arising out of this Agreement, or the partnership business, shall be arbitrated under the terms of this clause. The arbitration shall be carried out by a single arbitrator \_\_\_\_\_.

Any arbitration shall be held as follows:

b. The partner(s) initiating the arbitration procedure shall inform the other partner(s) in writing of the nature of the dispute at the same time that he or she notifies the arbitrator.

c. Within \_\_\_\_\_ days from receipt of this notice, the other partners shall reply in writing, stating their views of the nature of the dispute.

d. The arbitrator shall hold a hearing on the dispute within seven days after the reply of the other partner(s). Each partner shall be entitled to present whatever oral or written statements he or she wishes and may present witnesses. No partner may be represented by a lawyer or any third party.

e. The arbitrator shall make his or her decision in writing.

f. If the partner(s) to whom the demand for arbitration is directed fails to respond within the proper time limit, the partner(s) initiating the arbitration must give the other an additional five days' written notice of "intention to proceed to arbitration." If there is still no response, the partner(s) initiating the arbitration may proceed with the arbitration before the arbitrator, and his or her award shall be binding.

g. The cost of arbitration shall be borne by the partners as the arbitrator shall direct.

h. The arbitration award shall be conclusive and binding on the partners and shall be set forth in such a way that a formal judgment can be entered in the court having jurisdiction over the dispute if either party so desires.

### 2. Arbitration With Three Arbitrators

The partners agree that, except as otherwise provided in this Agreement, any dispute arising out of this Agreement or the partnership business shall be arbitrated under the terms of this clause. The arbitration shall be carried out by three arbitrators. Each partner or side to the dispute shall appoint one arbitrator. The two designated arbitrators shall appoint the third arbitrator.



## Partnership Agreement Preparation Questionnaire

The arbitration shall be carried out as follows:

- a. The partner(s) initiating the arbitration procedure shall inform the other partner(s) in writing of the nature of the dispute at the same time that they designate one arbitrator.
- b. Within \_\_\_\_\_ days from receipt of this notice, the other partners shall reply in writing naming the second arbitrator, and stating their view of the nature of the dispute.
- c. The two designated arbitrators shall name a third arbitrator within ten days from the date the second arbitrator is named. If they cannot agree  
\_\_\_\_\_.
- d. An arbitration meeting shall be held within \_\_\_\_\_ days after the third arbitrator is named.
5. Each partner shall be entitled to present whatever oral or written statements he or she wishes and may present witnesses. No partner may be represented by a lawyer or any third party.
- e. The arbitrators shall make their decision, in writing.
- f. If the partner(s) to whom the demand for arbitration is directed fails to respond within the proper time limit, the partner(s) initiating the arbitration must give the other an additional five days' written notice of "intention to proceed to arbitration." If there is still no response, the partner(s) initiating the arbitration may proceed with the arbitration before the arbitrators, and their award shall be binding.
- g. The cost of arbitration shall be borne by the partners as the arbitrators shall direct.
- h. The arbitration award shall be conclusive and binding on the partners and shall be set forth in such a way that a formal judgment can be entered in the court having jurisdiction over the dispute if either party so desires.

### **3. Combining Mediation with Arbitration**

If the partners cannot resolve the dispute by mediation, the dispute shall be arbitrated as provided in the arbitration clause of this Agreement.

### **4. Mediation**

- a. The partners agree that, except as otherwise provided in this Agreement, any dispute arising out of this Agreement or the partnership business shall first be resolved by mediation, if possible. The partners are aware that mediation is a voluntary process, and pledge to cooperate fully and fairly with the mediator in any attempt to reach a mutually satisfactory compromise to a dispute.
- b. The mediator shall be \_\_\_\_\_.
- c. If any partner to a dispute feels it cannot be resolved by the partners themselves, after mediation has been attempted, he or she shall so notify the other partners, and the mediator, in writing.
- d. Mediation shall commence within \_\_\_\_\_ days of this notice of request for mediation.  
\_\_\_\_\_.
- e. Any decision reached by mediation shall be reduced to writing, signed by all partners, and be binding on them.
- f. The costs of mediation shall be shared equally by all partners to the dispute.



## Partnership Agreement Preparation Questionnaire

### 5. Time for Mediation

If the partners have not resolved their dispute within \_\_\_\_\_ of the commencement of mediation, the partners shall have failed to have resolved their dispute by mediation under this Agreement, and the dispute shall be arbitrated.

## Admission of New Partner(s)

### 1. Addition by Unanimous Written Agreement of All Partners

A new partner or partners may be added to the partnership only by unanimous written consent of all existing partners.

### 2. Admitting a New Partner When You've Failed To Plan Ahead

\_\_\_\_\_ have been engaged in business at \_\_\_\_\_ as a partnership under the firm name of \_\_\_\_\_. They now intend to admit \_\_\_\_\_ to their partnership, and all the members of the expanded partnership desire to amend and clarify the terms and conditions of their Partnership Agreement and to reduce their agreement to writing.

### 3. Addition by Less Than All Partners

A new partner may be admitted to the partnership with the written approval of \_\_\_\_\_.

### 4. No Dissolution of the Partnership When a New Partner Joins

Admission of a new partner shall not cause dissolution of the underlying partnership business, which will be continued by the new partnership entity.

## Amendment

### 1. By Unanimous Agreement

This Agreement may be amended only by written consent of all partners.

### 2. As Specified

This Agreement may be amended by \_\_\_\_\_.

## The Incoming Partner's Liability for Existing Partnership Debts

### 1. Responsible for All Partnership Debts

\_\_\_\_\_ hereby expressly assumes full personal liability equal to the personal liability of all other partners in the partnership of \_\_\_\_\_ for all partnership debts and obligations whenever incurred.



## Partnership Agreement Preparation Questionnaire

### 2. **Responsible for Partnership Debts From Set Date**

\_\_\_\_\_ hereby expressly assumes personal liability for debts of the \_\_\_\_\_ incurred on or before \_\_\_\_\_, 20\_\_\_\_, equal to the amount of his or her contribution to the partnership, totaling \$ \_\_\_\_\_.

### 3. **Not Responsible for Partnership Debts Before Becoming Partners**

\_\_\_\_\_ shall not be personally responsible for, or assume any liability for, any debts of the \_\_\_\_\_ incurred on or before \_\_\_\_\_, 20\_\_\_\_.

## Other General Provisions

### 1. **Attached Papers Incorporated**

Any attached sheet or document shall be regarded as fully contained in this Partnership Agreement.

### 2. **Binding on All Successors and Inheritors**

This Agreement shall be binding on and for the benefit of the respective successors, inheritors, assigns and personal representatives of the partners, except to the extent of any contrary provision in the Agreement.

### 3. **Agreement Is All Inclusive**

This Agreement contains the entire understanding of the partners regarding their rights and duties in the partnership. Any alleged oral representations of modifications concerning this Agreement shall be of no force or effect unless contained in a subsequent written modification signed by all partners.

### 4. **Severability**

If any term, provision, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the rest of the Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

### 5. **State Law**

The partners have formed this general partnership under the laws of the State of \_\_\_\_\_, intending to be legally bound thereby.

### 6. **Consent of Spouse**

I, \_\_\_\_\_, the \_\_\_\_\_ of \_\_\_\_\_, have read and understand this Partnership Agreement and hereby consent to all clauses and terms in it. I specifically agree that the business valuation method contained in the Agreement shall be used in any legal proceeding to determine the value of any interest I may have in the business.

\_\_\_\_\_

(Signature)

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### **JOINT VENTURE AGREEMENT: Form of general agreement between parties to conduct a business operation as a joint venture**

Agreement made \_\_\_\_\_, \_\_\_\_\_, between \_\_\_\_\_[A.B.], of \_\_\_\_\_[address], City of \_\_\_\_\_, State of \_\_\_\_\_, and \_\_\_\_\_[C.D.], of \_\_\_\_\_[address], City of \_\_\_\_\_.

#### RECITALS

1. The parties desire to conduct a business operation together.
2. Each party is willing to invest money to finance the conduct of the operation.
3. It is agreed that the most desirable form of business for conducting the operation is a joint venture.

For the reason recited above, and in consideration of the mutual covenants contained in this agreement, the parties agree as follows:

#### SECTION ONE.

##### SCOPE AND DESCRIPTION

By this agreement, the parties create a joint venture to \_\_\_\_\_[describe enterprise] for profit. The joint venture shall be conducted under the name of \_\_\_\_\_[business name] from a place of business at \_\_\_\_\_[address], City of \_\_\_\_\_, State of \_\_\_\_\_.

#### SECTION TWO.

##### CONTRIBUTIONS

\_\_\_\_\_ [A.B.] is to contribute \_\_\_\_\_ Dollars (\$\_\_\_\_\_) to the joint venture. \_\_\_\_\_ [C.D.] is to contribute personal property described as follows: \_\_\_\_\_, having an agreed value of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), and \_\_\_\_\_[his or her] time and skill as a \_\_\_\_\_ for the duration of the joint venture, to ensure its success.

Contributions of money and property shall be made on or before \_\_\_\_\_[date]. Failure of either party to complete the contribution on a timely basis shall result in \_\_\_\_\_[termination of this agreement or as the case may be].

### SECTION THREE.

#### CONDUCT OF VENTURE

\_\_\_\_\_ [C.D.] shall be responsible for management of the joint venture and shall devote all \_\_\_\_\_ [his or her] time to such management. However, \_\_\_\_\_ [he or she] shall be responsive to the policies established and agreed on by the parties. \_\_\_\_\_ [C.D.] shall have the authority, without the need to consult \_\_\_\_\_ [A.B.], to \_\_\_\_\_ [set forth scope and extent of authority]. Such authority may be increased or decreased from time to time on mutual agreement of the parties. \_\_\_\_\_ [C.D.] shall be liable to the joint venture for any losses or liabilities incurred by his or her negligent conduct or by willful acts that are detrimental to the venture if \_\_\_\_\_ [he or she] knew or should have known that such acts would be detrimental.

### SECTION FOUR.

#### TITLE TO PROPERTY

All legal title to property acquired by the joint venture, whether real or personal, shall be taken in the name of \_\_\_\_\_, as trustee for the parties, and shall be held for their interest. The interest of each party in such property shall be proportionate to his or her share of the profits of the venture.

### SECTION FIVE.

#### DIVISION OF PROFITS

The net profits earned by the joint venture, calculated at the end of each fiscal year, shall be divided among the parties as follows: \_\_\_\_\_ [A.B.] shall receive \_\_\_\_\_ percent (\_\_\_\_%), and \_\_\_\_\_ [C.D.] shall receive \_\_\_\_\_ percent (\_\_\_\_%). No other remuneration shall be received by the parties from the joint venture. The net profits will be calculated by first deducting all operating expenses from gross income of the joint venture.

### SECTION SIX.

#### APPORTIONMENT OF LOSSES

The parties shall bear any net loss sustained by the venture in any fiscal year as follows: \_\_\_\_\_ [A.B.] shall bear \_\_\_\_\_ percent (\_\_\_\_%) of such loss, and \_\_\_\_\_ [C.D.] shall bear \_\_\_\_\_ percent (\_\_\_\_%). Any assessment against a party for a loss shall be payable to the joint venture not later than \_\_\_\_\_ days after the close of the fiscal year.

## SECTION SEVEN.

### RECORDS AND ACCOUNTING

\_\_\_\_\_ [C.D.] shall maintain or cause to be maintained a complete set of records, statements, and accounts concerning the total operation of the joint venture, in which books shall be entered, fully and accurately, each transaction pertaining to the venture. All the books will be open at all times for inspection and examination by \_\_\_\_\_ [A.B.] or \_\_\_\_\_ [his or her] agent.

The fiscal year of the joint venture shall commence on \_\_\_\_\_ and close on \_\_\_\_\_ of each year of operation. All accounting based on fiscal year figures shall be completed within \_\_\_\_\_ days after the close of the fiscal year.

## SECTION EIGHT.

### INSURANCE AND SURETY BONDS

The joint venture shall obtain insurance to cover the following items and types of losses: \_\_\_\_\_. The premiums shall be recognised business expenses of the joint venture.

The parties shall each post bond in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) for the protection of assets, and the premiums shall be recognised business expenses of the joint venture.

## SECTION NINE.

### ASSIGNMENTS AND TRANSFERS

Neither party shall assign or transfer his or her rights or duties in the joint venture without the express written consent of the other party. Any transfer or assignment made without the consent of the other party shall not relieve the transferor or assignor of his or her duties or obligations under this agreement.

## SECTION TEN.

### ARBITRATION

The assignment of specific duties and authority to \_\_\_\_\_ [C.D.] was made to avoid major differences between the parties as to conduct of the venture. The parties declare that the terms of this agreement are controlling as to each of them. Any matter in dispute, and which is not provided for in this agreement, shall be submitted to arbitration \_\_\_\_\_ [under the provisions of \_\_\_\_\_ (cite statute) or as the case may be].

## SECTION ELEVEN.



## DEATH OR INCAPACITY OF PARTY

The death or incapacity of a party shall cause the joint venture to be dissolved at the completion of that current fiscal year. The annual net profits and proceeds from the sale of assets shall be divided pro rata between the surviving party and the legal representative or guardian of the deceased or incapacitated party.

## SECTION TWELVE.

### TERM

The effective date of this agreement shall be the date first above written, and the agreement shall continue in effect for a period of \_\_\_\_\_ years from that date, or until \_\_\_\_\_ *[set forth conditions for termination]*.

## SECTION THIRTEEN.

### TERMINATION OF AGREEMENT

On termination of this agreement for any cause whatever, the joint venture shall be wound up and dissolved \_\_\_\_\_ *[in accordance with \_\_\_\_\_ (cite statute) or as the case may be]*.

In witness whereof, the parties have executed this agreement at \_\_\_\_\_ *[designate place of execution]* the day and year first above written.

\_\_\_\_\_  
\_\_\_\_\_

*[Signatures]*



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Fill in the information in the boxes below to register as a Live Out Loud Referring Affiliate.

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### YOUR INFORMATION

Name: \_\_\_\_\_

Best Phone Number: (\_\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_ Phone Type: Home [ ] Work [ ] Cell [ ]

Email Address: \_\_\_\_\_

*Provide us with the names of those you think would be interested in learning more about Live Out Loud and improving their financial future! You receive a 10% referral commission on any purchase they make with Live Out Loud!. Need more space? Use the back of this sheet!*

Referral Name	Referral Name

*Need more information? Email: [support@liveoutloud.com](mailto:support@liveoutloud.com)*