

# Limited Partnership Agreement

This Limited Partnership Agreement (the "Agreement") is made on [Insert Date]. The Partners in this agreement are as follows:

- [Insert Partner Name]
- [Insert Partner Name]

as General Partner(s), and each of the following parties:

- [Insert Partner Name]
- [Insert Partner Name]

as Limited Partners (individually a "Limited Partner" and collectively the "Limited Partners").

WHEREAS, the Partners desire to enter into a Limited Partnership Agreement to set out formally all terms and conditions of their limited partnership, their respective rights and obligations with respect to the partnership, the purposes of the Limited Partnership, the relationships among the partners, and other matters,

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and conditions contained in this Agreement, the Partners to this Agreement agree to the following:

## I. TERMS OF THE LIMITED PARTNERSHIP

### 1. Name

This Limited Partnership will be known as [Insert Name of Partnership] (the "Limited Partnership"). However, the business of the Limited Partnership may be conducted, in compliance with all applicable laws, under any other name determined to be appropriate or advisable by the General Partner(s).

### 2. The Limited Partnership

- a. The Partners wish to become legal partners in business.
- b. The terms and conditions of their Limited Partnership will be outlined in this Agreement.

c. If the Agreement is executed, the Limited Partnership will be in effect on [Insert Effective Date] Agreement.

d. The Limited Partnership's principal place of business will be [Insert Address]

e. The Limited Partnership's primary purpose is [Insert Description of Purpose]

### **3. Jurisdiction and Venue**

This agreement will be governed under the jurisdiction of the laws of the State of [Insert State]. The sole and proper venue of any legal action to enforce or interpret this Agreement shall be in [Insert Location]

### **4. Power of Attorney**

The Limited Partner(s) irrevocably appoints the General Partner(s) as their attorney in fact to make, execute, acknowledge, certify, deliver, and file with respect to the Limited Partnership or any successor to it:

a. Any Certificates of Limited Partnership and all amendments or restatements that may be required or permitted from time to time pursuant to the provisions of this Agreement or the laws of the State;

b. Any and all papers that may be deemed necessary or desirable by the General Partner(s) to effect the termination of the Limited Partnership after its dissolution as provided for in this Agreement; and

c. Any and all other instruments, documents, and certificates that may from time to time be required by the laws of any state, the United States of America, or any political subdivision or agency, to effectuate, implement, continue, and defend the existence, rights, and property of the Limited Partnership and the purposes set forth in this Agreement.

### **5. Contributions**

The Partners will make an initial contribution to the Limited Partnership as follows:

- [Insert amount of contribution]

Contributions will be submitted no later than [Insert Date]. All capital contributions are final unless all partners give written consent of withdrawal. The General Partner(s) shall make additional cash contributions to the Partnership from time to time. No Limited Partner shall be required to make any additional capital contribution. All contributions will be deposited into a joint individual capital account.

#### **6. Management of Partnership Interest and Authority**

The business and affairs of the Limited Partnership shall be managed solely by the General Partner(s), and the General Partner(s) shall have the exclusive right and power to manage, operate, and control the Limited Partnership, to do all things necessary or appropriate to carry on its business and purposes, including, but not limited to, the right to incur and satisfy obligations relating to the operation of the Limited Partnership and to exercise all rights and powers conferred on the General Partner(s) by law.

The General Partner(s) have full charge of the development, management, conduct, and operation of the Limited Partnership's business, except as limited in this Agreement, and their decisions are binding on the Limited Partnership. By illustration, and without serving as a limitation on this authority, the General Partner(s) have authority, at the expense of the Limited Partnership, to employ agents, employees, independent contractors, attorneys and accountants as they deem reasonably necessary; to alter, improve, repair, replace and redevelop Limited Partnership property; to obtain and maintain necessary insurance for the proper protection of the Limited Partnership and the Partners; to pay, collect, compromise, arbitrate or otherwise adjust any and all claims or demands of or against the Limited Partnership; to sell, subject to other provisions of this Agreement, any, all or substantially all of the assets of the Limited Partnership, to execute appropriate documents, including without limitation deeds, in connection with any such sale, and to collect and administer the proceeds of any such sale; to bind the Limited Partnership in all transactions involving the Limited Partnership's property, real or personal, or business affairs, and to borrow money as it may be necessary from time to time in the name of and on behalf of the Limited Partnership and pledge as security for repayment of such loans all or any of the assets of the Limited Partnership.

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

The Partners' authority will be defined by the following unless otherwise stated in the Agreement: All decisions for contract or otherwise will be made based on a majority vote of percent of ownership. Each Partner will have the authority based on their percent ownership outlined above in the Agreement. All decisions for contract or otherwise will be made based on a majority vote of percent of ownership among General Partners. Each Partner will have the authority based on their percent ownership outlined above in the Agreement.

## **7. Allocation of Income, Costs, and Loss**

For each full or partial taxable year of the Limited Partnership, each item of the Limited Partnership's income, loss, deduction, credit, and tax preference with respect to or resulting from Limited Partnership operations or from any Capital Transaction shall be allocated among the Partners for income tax purposes pro rata in accordance with their respective Partner's Percentage Interests.

## **8. Manner of Cash Distributions**

Distributions of Cash Flow shall be made to each of the Partners pro ratas in accordance with their respective Partner's Percentage Interests.

## **9. Reimbursement From the Limited Partnership**

The General Partner(s) shall be entitled to reimbursement from the Limited Partnership for all out-of-pocket expenses reasonably paid or incurred by it, on behalf of the Limited Partnership, in connection with the performance of its functions or the discharge of its obligations under this Agreement. This reimbursement shall have priority over cash distributions to Partners.

## **10. Liability of the General Partner(s)**

The General Partner(s) shall not be liable, responsible, or accountable in damages or otherwise to the Limited Partnership or any of its Partners for any failure to take any action or for the taking of any action within the scope of the authority conferred on it by this Agreement, made in good faith or based on an opinion of counsel (Permitted Acts). The General Partner(s) shall not be liable to the Limited Partners because any taxing authorities disallow or adjust any deductions or credits claimed in the Limited Partnership's income tax returns or for the return of all or any portion of the capital contributions of the Limited Partners. The General Partner(s) shall be liable, responsible, and accountable in damages or otherwise to the Limited Partnership and the Partners for any acts performed by the General Partner(s) arising out of or resulting from the fraud, bad faith, or gross negligence of the General Partner(s) or the failure of the General Partner(s) to comply in any material respect with any representation, warranty, covenant, condition, or other agreement of the General Partner(s) contained in this Agreement (Excluded Acts).

## **11. Indemnification of the General Partner**

The General Partner(s) shall be entitled to indemnity from the Limited Partnership on account of any claim, liability, action, or damage arising from or relating to any Permitted Act of the General Partner(s) and on account of all reasonable attorney's fees incurred in connection with it. They shall not be entitled to indemnity from the Limited Partnership on account of any claim, liability, action, or damage arising from or relating to any Excluded Act of the General Partner(s). Any indemnity under this Section or otherwise shall be paid out of and only to the extent of the Limited Partnership's assets.

#### **12. Limited Partners' Rights to Participate in Management**

Except as otherwise provided in this Agreement, the Limited Partners shall have only those rights granted to limited partners pursuant to the applicable State laws and shall have no right to, nor shall they take any part in or interfere with the conduct, control, or management of the business of the Limited Partnership. No Limited Partner shall have the power to sign for or bind the Limited Partnership. Any exercise by the Limited Partners of their rights under this Agreement shall be deemed to be an action affecting the agreement among the Partners and not an action affecting the management or control of the business of the Limited Partnership.

#### **13. Limited Liability**

Subject only to the provisions of the Uniform Limited Partnership Act applicable to the State, no Limited Partner shall have the personal liability of any kind for any debts, liabilities, or other obligations of the Limited Partnership.

#### **14. Restriction on Outside Activities of the General Partner and the Limited Partners**

The General Partner(s) and each of the Limited Partners agree to refrain from engaging or participating in the development or management of any business, within the same geographical area that might be competitive with Limited Partnership during the term of the Agreement.

#### **15. Partner Roles**

Work Hours: Each General Partner agrees to work [Insert Amount] hours per week, excluding vacation weeks or weeks with a federal holiday.

#### **16. Accounting**

**a. Books of Account.** The General Partner(s) are to maintain the Limited Partnership's books and records at a location designated by them. Each Partner has the right to access to the books and records of the Limited Partnership at any time during normal business hours. The books and records are to be kept according to generally accepted accounting practices. The books and records are to utilize the cash method of accounting and be applied in a consistent manner appropriate for the Partnership's business. The Books of Account will reflect all Limited Partnership transactions.

At a minimum, all accounts related to the Partnership including contribution and distribution accounts will be audited

**b. Reports and Accounts.** As soon as reasonably practicable after the end of each Accounting Period, each Limited Partner shall be provided with a report audited by an independent certified public accountant selected by the General Partner(s) that contains: the balance sheet of the Limited Partnership as of the last day of that Accounting Period, a statement of profit and loss showing the amounts allocated to or against that Limited Partner's account with respect to that Accounting Period.

**c. Tax Returns.** As soon as reasonably practicable after the end of each tax year, or other tax period (for federal and state income tax purposes), each Partner shall be provided with copies of all federal and state partnership tax returns prepared by the Limited Partnership or by an independent certified public accountant selected by the General Partner(s). Tax Elections that are available to the Limited Partnership may be exercised at the discretion of the General Partner(s).

**d. Fiscal Year.** The fiscal year will be complete on \_\_\_\_\_ first of each year. All Partners will present their position on the state of the Limited Partnership within two weeks of the completion of each fiscal year.

The following partners will be able to sign checks from any joint Partner account:

#### **17. Admission of Additional General Partners**

Subject to any other provision of this Agreement, a person may be admitted as a General Partner only with the written consent of each General Partner or with the written consent of fifty-one percent (51%) of all Partners.

#### **18. Admission of Additional Limited Partners**

Subject to any other provision of this Agreement, a person may be admitted as a Limited Partner only with the written consent of each Limited Partner or with the written consent of fifty-one percent (51%) of all Partners.

## **19. Additional Partners Bound by Agreement**

Before any person is admitted to the Partnership as a General or Limited Partner, that person/entity shall agree in writing to be bound by all of the provisions of this Agreement.

## **20. Transfer of Interests in Partnership**

### **a. Restrictions on Transfers.**

No General Partner may assign, mortgage, pledge, sell or otherwise transfer that General Partner's interest as General Partner in the Limited Partnership without the consent of a majority in interest of all other General Partners and the consent of a majority in interest of all of the Limited Partners.

The whole or any portion of the interest of a Limited Partner may be disposed of, provided that: Any disposition is not made to any person who is incompetent or has not attained the age of majority, or to any person not lawfully empowered to own such interest; Any disposition is made with the consent of the General Partner(s), none of whom is obligated under any circumstances to give consent. The Limited Partner who makes the disposition and the person receiving the disposition will execute and deliver to the General Partner(s) all instruments necessary in connection with the disposition as are in a form satisfactory to the General Partner(s).

A disposition is not effective if it would result in either a termination of the Limited Partnership for purposes of federal income taxation unless the disposition is given consent by a majority in interest of the Partners, or a violation of any federal or state securities law.

The General Partner(s) may, but are not obligated to, acquire interests in the Limited Partnership from any willing Limited Partner.

### **b. Withdrawal of General Partner.**

The withdrawal of any person as a General Partner for any reason does not constitute a breach of this Agreement. The withdrawing General Partner then becomes a Limited Partner and will retain the economic interest (previously held as a General Partner) as a Limited Partner. If after the withdrawal, there remains other General Partner(s), these General Partner(s) will continue the business of the Limited Partnership. "Withdrawal" shall include the separation of the General Partner(s) due to death, dissolution, insanity, bankruptcy, retirement, resignation, expulsion, operation of law, or any other incapacity or circumstances that prevent the General Partner from effectively discharging the duties of a General Partner under this Agreement.

### **c. Buy-Out of Withdrawing Partner's Shares.**

Upon the withdrawal of any Partner from the Limited Partnership, the Limited Partnership shall have 0 days to buy out such Partner's withdrawn shares. If the withdrawn shares remain unpurchased after 0 days, or the Limited Partnership gives notice in writing before such time that

it does not intend to purchase the withdrawn shares, any individual Partner shall have 0 days to purchase the withdrawn shares. If the withdrawn shares are not purchased after this period, the Partnership will be dissolved in accordance with this Agreement.

## **21. Dissolution**

Should the Limited Partnership be dissolved by majority vote or by the expiration of the buy-out period for withdrawn shares detailed above, the Limited Partnership will be liquidated, and the debts will be paid. All remaining funds after debts have been paid will be distributed based on the percentage of ownership interest outlined in this Agreement.

## **22. Liquidation**

The General Partner(s) or the Liquidating Partners, as the case may be, shall take or cause to be taken a full account of the Limited Partnership's assets and liabilities as of the date of the dissolution and shall proceed with reasonable promptness to liquidate the Limited Partnership's assets and to terminate its business on a dissolution of the Limited Partnership.

The assets of the Limited Partnership, as and when available, shall be applied in the following order:

(1) To the payment of all taxes, debts and other obligations and liabilities of the Limited Partnership, including the necessary expenses of liquidation, provided, however, that all debts and other obligations and liabilities of the Limited Partnership as to which personal liability exists with respect to any Partner shall be satisfied, or a reserve established for them, prior to the satisfaction of any other debt or other obligation or liability of the Limited Partnership as to which no personal liability of the General Partner exists; and provided further, however, that if a contingent debt, obligation, or liability exists, a reserve, in such amount as the General Partner(s) or the Liquidating Partners deem reasonable, shall be established to meet the contingent debt, obligation, or liability, which reserve shall be distributed as provided here, only on the termination of the contingency;

(2) To the Partners pro rata in accordance with their respective Partner's Percentage Interests.

The General Partner(s) or the Liquidating Partners shall administer the liquidation of the Limited Partnership and the termination of its business. It shall be allowed a reasonable time for the orderly liquidation of the Limited Partnership's assets and the discharge of liabilities to creditors, so as to minimize losses resulting from the liquidation of the Limited Partnership's assets. Notwithstanding anything to the contrary elsewhere provided in this Agreement, the General Partner(s) or the Liquidating Partners shall not be personally liable for the return of any part of any Partner's capital contribution. Any return shall be made solely from the Limited Partnership's assets.

Except as otherwise provided in this Agreement, no dissolution or termination of the Limited Partnership shall relieve, release, or discharge any Partner, or any of his or her successors, assigns, heirs, or legal representatives from any previous breach or default of, or any obligation incurred or accrued under, any provision of this Agreement, and any and all liabilities, claims, demands, or causes of action arising from any of those breaches, defaults, and obligations shall survive the dissolution and termination.

Upon compliance with the foregoing plan of liquidation and distribution, the Limited Partnership shall be terminated and the General Partner(s) or the Liquidating Partners shall file or cause to be filed a cancellation of the Certificate of Limited Partnership.

### **23. Amendments**

- a. Amendments may be made hereto upon the unanimous and written consent of all Partners.
- b. Amendments must be expressly written and have the original signatures of all Partners.

### **24. Notices**

Unless otherwise provided in this Agreement, any offer, acceptance, election, approval, consent, certification, request, waiver, notice, or other communication required or permitted to be given shall be deemed given only, if in writing, when delivered personally (with receipt acknowledged) or mailed first class, certified mail, return receipt requested, postage prepaid to the Partners at the addresses set forth below:

### **25. Entire Agreement**

Except as otherwise expressly provided in this Agreement, this Agreement contains the entire agreement of the Partners with respect to the terms and conditions of the Limited Partnership and supersedes all prior agreements, certificates, and understandings, oral or otherwise, among the Partners with respect to these matters.

### **26. Waivers**

Except as otherwise expressly provided in this Agreement, no purported waiver by any Partner of any breach by another Partner of any of his or her obligations, agreements, or covenants shall be effective unless made in writing subscribed by the Partner or Partners sought to be bound, and no failure to pursue or elect any remedy with respect to any default under or breach of any provision of this Agreement shall be deemed to be a waiver of any other subsequent default or

breach or any election of remedies available, nor shall the acceptance or receipt by any Partner of any money or other consideration due him or her under this Agreement, with or without knowledge of any breach under this Agreement, constitute a waiver of any provision of this Agreement with respect to that or any other breach.

#### **27. Headings and Number**

The section headings contained in this Agreement have been inserted only as a matter of convenience or reference and in no way define, limit, or describe the scope or intent of any provisions of this Agreement, nor in any way affect any of the provisions. Where appropriate, the singular number shall be deemed to include the plural, and the plural number shall be deemed to include the singular.

#### **28. Severability**

Each provision of this Agreement shall be considered to be severable. If, for any reason, any provision or any part of a provision is determined to be invalid and contrary to any existing or future applicable law, the invalidity shall not impair the operation of or affect those portions of this Agreement that are valid, but this Agreement shall be construed and enforced in all respects as if the invalid or unenforceable provision or provisions had been omitted.

#### **29. Counterparts**

This Agreement may be executed in one or more counterparts. Each counterpart shall be deemed for all purposes to be an original, but all of the counterparts together shall constitute but one and the same instrument binding on all Partners.

#### **30. Benefit**

This Agreement shall be binding on and inure to the benefit of the Partners and their respective executors, administrators, and successors. This Agreement shall not be deemed for the benefit of creditors or any other persons, nor shall it be deemed to permit any assignment by a Partner of any of his or her rights or obligations except as expressly provided in this Agreement.

#### **31. Further Actions**

Each of the Partners agrees that he or she shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and are not inconsistent with law or the terms of this Agreement.

**32. Prohibition Against Partition**

Each of the Partners permanently waives and relinquishes any and all rights he or she may have to cause any property of the Limited Partnership to be partitioned, it being the intention of the Partners to prohibit any Partner from bringing a suit for partition against the other Partners, or any of them.

**33. Settling Disputes**

All Partners agree to enter into mediation before filing suit against any other Partner or the Limited Partnership for any dispute arising from this Agreement or Limited Partnership. Partners agree to attend one session of mediation before filing a suit. If any Partner does not attend mediation or the dispute is not settled after one session of mediation, the Partners are free to file suit.

All Partners signed hereto agree to the above stated Agreement.

PARTNER #1

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[Insert Partner Name]

PARTNER #2

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[Insert Partner Name]