

## PARTNERSHIP AGREEMENT OUTLINE

1. Name of the Partnership
2. Purpose of the partnership
3. Duration of the partnership
4. Terms of Partnership
  - a. What outside competition, activities the partners can engage in
5. Responsibilities
  - a. Explain in detail each partners role
    - i. What will the organizational chart look like?
  - b. What will be the income of each partner?
  - c. Detail how profits or losses will be distributed
  - d. Define each partner's responsibilities and describe the level of performance that is required from them
  - e. State clearly if partners are expected to make a full-time commitment to the venture, or whether other business activities will also be allowed.
  - f. How will the partnership be managed?
    - i. Who will make the day to day decisions?
    - ii. What decisions will require majority or unanimous consent.
6. Investment in the business
  - a. If a partner loans money to the business, how will the partner be repaid?
  - b. What will each partner be contributing in terms of cash, assets, loans, investments and labor?
7. Withdrawal and admission of partners
  - a. Provide guidelines that must be followed if one partner wants to leave the partnership.
  - b. List grounds for a partner to be expelled from the partnership.
  - c. Explain how new partners be admitted to the partnership.

- d. Can a partner sell their interests in the business to an outsider?
  - e. A provision providing for the dissolution of the partnership.
8. Financial
- a. If more capital is needed will the partners be obligated to make additional capital contributions?
  - b. Which partners will have check signing privileges?
  - c. Who will be authorized to draw on partnership's accounts?
  - d. How will the books be kept?
9. Valuation
- a. What methods will be used to determine the value of the business in the event of a sale, dissolution, death, disability or withdrawal of partner?
10. Buy-out Clause
- a. What guidelines should be followed if one partner wants to retire, dies or leaves the partnership?
  - b. Decide if partners who leave have to sign a non-compete agreement.
11. What methods will be used to settle disputes
- a. Negotiations
  - b. Mediation
  - c. Arbitration
  - d. Legal Route and Court