

GENERAL PARTNERSHIP AGREEMENT

Partnership Name: [PARTNERSHIP NAME] **Governing State:** DE **Effective Date:**

This General Partnership Agreement (this "Agreement") is entered into and made effective as of (the "Effective Date"), by and among the partners identified in Section 2 below (each a "Partner" and together the "Partners"), to form and govern [PARTNERSHIP NAME] (the "Partnership").

1. Formation and Purpose

Name. The Partners form a general partnership under the name [PARTNERSHIP NAME].

Governing law. The Partnership shall be governed under the laws of the State of DE.

Principal office. The principal office of the Partnership is located at [PRINCIPAL OFFICE ADDRESS].

Purpose. The Partnership is formed for the following purpose (the "Purpose"): [BUSINESS PURPOSE]

Term. The Partnership commences on the Effective Date and shall continue at-will until dissolved in accordance with this Agreement or applicable law.

EIN. The Partners shall cause the Partnership to obtain a Federal Employer Identification Number ("EIN") by timely filing IRS Form SS-4.

2. Partners and Capital Contributions

The Partners of the Partnership, their classifications, and their capital contributions are:

Partner	Address	Class	Initial Contribution	Profit/Loss Share
[PARTNER 1 FULL LEGAL NAME]	[PARTNER 1 ADDRESS]	General Partner	\$0.00	50%
[PARTNER 2 FULL LEGAL NAME]	[PARTNER 2 ADDRESS]	General Partner	\$0.00	50%

Description of contributed property or services.

- [PARTNER 1 FULL LEGAL NAME]: Cash contribution only.
- [PARTNER 2 FULL LEGAL NAME]: Cash contribution only.

Finality of contributions. All capital contributions are final and non-refundable except upon written consent of all Partners or as otherwise expressly provided in this Agreement. All contributions shall be deposited into the Partnership's bank account described in Section 5.

Capital accounts. A capital account shall be maintained for each Partner in accordance with Treasury Regulation §1.704-1(b)(2)(iv). Capital accounts shall be increased by additional contributions and

allocable income and gain, and decreased by distributions and allocable loss. No Partner shall earn interest on any capital account balance except as the Partners may unanimously agree in writing.

Additional contributions. Additional capital contributions may be called only upon **unanimous** consent of the Partners entitled to vote. No Partner shall be obligated to make additional contributions beyond the amount stated above except as called in accordance with this Section.

IRC §704(c) property. Where any Partner contributes property with a fair market value that differs from its adjusted tax basis, built-in gain or loss shall be allocated to the contributing Partner as required by IRC §704(c) and Treasury Regulations thereunder.

3. Management and Decision-Making

Equal management. All General Partners shall have equal rights and authority to participate in the management of the Partnership's business.

Ordinary-course decisions. Decisions in the ordinary course of the Partnership's business shall be made by any General Partner acting alone (consistent with RUPA §301).

Reserved matters requiring unanimous consent. Notwithstanding any general grant of authority, the following actions require unanimous consent of the General Partners (or, in the case of an LP, unanimous consent of the General Partners with notice to Limited Partners):

1. Amending this Agreement;
2. Admitting a new Partner;
3. Dissolving the Partnership;
4. Selling, leasing, or encumbering all or substantially all Partnership assets;
5. Incurring indebtedness or entering a contract requiring Partnership obligations in excess of **\$25,000.00**;
6. Settling material litigation;
7. Changing the Partnership's business purpose;
8. Calling additional capital from the Partners; and
9. Changing the federal tax classification of the Partnership.

4. Profit and Loss Allocations; Distributions

Allocations. Net profits and net losses of the Partnership shall be allocated to the Partners in proportion to their Profit/Loss Share percentages set forth in Section 2.

Distributions of available cash. The Partnership shall distribute available cash to the Partners from time to time, as the Partners determine by the decision threshold set in Section 3, in proportion to their

Profit/Loss Share percentages — after payment of Partnership expenses, debt service, reserves, and any preferred returns or priorities expressly set forth in this Agreement.

Allocation vs. distribution. The Partners acknowledge that taxable income may be allocated to a Partner in a taxable year even though no cash is distributed in the same year. Each Partner is responsible for the income-tax consequences of allocations made to that Partner's capital account.

Guaranteed payments. Any compensation paid to a Partner for services or for the use of capital, determined without regard to Partnership income, shall be treated as a guaranteed payment under IRC §707(c) — deductible by the Partnership and ordinary income to the recipient Partner.

Substantial economic effect. Any special allocation of Partnership items shall be made in a manner that has substantial economic effect within the meaning of Treasury Regulation §1.704-1(b)(2) or is otherwise in accordance with the Partners' interests in the Partnership.

⚠ Self-employment tax notice. Each General Partner (including each Partner in a Limited Liability Partnership where the Partner is actively engaged) shall owe self-employment tax under IRC §1402(a) on the Partner's distributive share of Partnership ordinary income plus any guaranteed payments. As of 2024, the SE tax rate is 15.3% on earned income up to the Social Security wage base of \$168,600 (indexed annually), plus 2.9% Medicare on all SE income above that, plus the 0.9% Additional Medicare Tax above applicable thresholds. Each Partner is responsible for quarterly estimated tax payments.

5. Banking, Books, and Records

Bank account. The Partnership shall maintain one or more deposit accounts at [PARTNERSHIP BANK FINANCIAL INSTITUTION NAME] (or such other federally insured financial institution as the Partners select). All capital contributions and Partnership receipts shall be deposited into the Partnership's accounts. Withdrawals and payments shall require the signature of the Managing Partner or any General Partner, except that payments exceeding \$25,000.00 shall require the vote set forth in Section 3.

Books and records. The Partnership shall maintain complete and accurate books and records of its business and financial affairs, using the **Cash** method of accounting. The fiscal year of the Partnership shall end on December 31.

Audit rights. Each Partner shall have the right to inspect and copy all Partnership books, records, and accounts at any reasonable time.

Tax returns. The Partnership shall timely file IRS Form 1065 and issue Schedule K-1 to each Partner for each taxable year. The Partnership shall endeavor to deliver Schedule K-1s to the Partners by March 15 of each year, or the earliest practicable date thereafter.

6. Partnership Representative (Bipartisan Budget Act)

Designation. Pursuant to IRC §6223(a), the Partnership designates **[PARTNERSHIP REPRESENTATIVE BBA IRC 6223]** as its Partnership Representative (the "PR") for each taxable year for which this Agreement is in effect. The PR shall have a substantial presence in the United States and shall serve until replaced by the vote required in Section 3.

Authority. The PR shall have sole authority to act on behalf of the Partnership in all examinations, audits, and proceedings before the Internal Revenue Service under IRC §§6221–6241, including without limitation the authority to: (a) extend the period of limitations; (b) settle or concede any partnership item; (c) make the push-out election under IRC §6226; and (d) make any other election available under the centralized partnership audit rules.

Notice and accountability. The PR shall promptly notify all Partners of the commencement of any IRS examination, the receipt of any Notice of Proposed Partnership Adjustment, and any elections the PR proposes to make. The PR shall obtain **unanimous** consent of the Partners before (i) accepting any imputed underpayment exceeding **\$25,000.00** in the aggregate or (ii) making the push-out election, except where the PR determines in good faith that such consent cannot reasonably be obtained within the applicable statutory deadline.

Indemnification of PR. The Partnership shall indemnify the PR (and any Designated Individual) for all reasonable costs, expenses, and liabilities incurred in such capacity, except to the extent arising from the PR's gross negligence, willful misconduct, or bad faith.

Annual eligibility review. The PR shall review the Partnership's eligibility to elect out of the BBA centralized audit regime at the beginning of each taxable year. If the Partnership ceases to be eligible (for example, by admitting a disregarded entity or partnership as a Partner, or by exceeding 100 partners), the PR shall promptly notify all Partners.

7. Partner Withdrawal, Death, and Buy-Out

Voluntary withdrawal. A Partner may voluntarily withdraw from the Partnership upon **60** days' prior written notice to the Partnership and the other Partners. A Partner who dissociates in breach of this Agreement is liable to the Partnership for damages under RUPA §602 (or the analogous state statute) and may forfeit accelerated buy-out payment.

Death or incapacity. Upon the death or permanent incapacity of a Partner (as certified by two independent physicians), the remaining Partners shall have the option, exercisable within ninety (90) days, to purchase the deceased or incapacitated Partner's interest at the valuation determined below. If the remaining Partners do not exercise the option, the interest shall pass to the Partner's estate, which shall hold an economic interest only (no management or voting rights).

Buy-out valuation. The purchase price of a departing Partner's interest shall be determined by an independent third-party appraiser jointly selected by the Partnership and the departing Partner (or the Partner's estate). If the parties cannot agree on an appraiser within 30 days, each side shall select an appraiser, and those two appraisers shall select a third; the average of the three appraisals shall control.

Payment terms. The Partnership shall pay the buy-out price in equal monthly installments over **36** months, with interest at the Applicable Federal Rate in effect on the closing date, unless the Partnership elects to pay a lump sum at closing.

Right of first refusal. Except for transfers permitted by this Agreement, no Partner may transfer, sell, pledge, or encumber any part of the Partner's interest without first offering it to the Partnership and then to the other Partners on the same terms proposed by a bona fide third-party purchaser. The offeree Partners shall have thirty (30) days after written notice to elect, pro rata by profit-share, to purchase the offered interest on the stated terms.

8. Admission of New Partners; Dissolution

Admission of new Partners. New Partners may be admitted only with **unanimous** consent of the existing Partners. Each new Partner shall execute a joinder to this Agreement and, as a condition of admission, make the capital contribution required by the admitting resolution.

Dissolution triggers. The Partnership shall be dissolved upon the earliest of: (a) unanimous vote of the Partners to dissolve; (b) expiration of the term set in Section 1, if any; (c) accomplishment or abandonment of the Purpose (particularly for joint ventures); (d) judicial dissolution; or (e) any event that makes continuation of the Partnership's business unlawful.

Winding up. Upon dissolution, the Partnership shall wind up its affairs by (i) collecting and liquidating Partnership assets, (ii) paying all creditors in priority order as required by applicable law, (iii) repaying Partner capital accounts, and (iv) distributing any remaining proceeds to the Partners in proportion to their positive capital account balances. Partners with negative capital account balances shall restore any deficit only to the extent required by a deficit-restoration obligation expressly undertaken in writing.

9. Restrictive Covenants

Non-solicitation. During each Partner's tenure and for **18** months following cessation of status as a Partner, the former Partner shall not, directly or indirectly, (a) solicit, induce, or attempt to induce any employee, contractor, or consultant of the Partnership to leave the Partnership's engagement; or (b) solicit business from any client or customer of the Partnership with whom the former Partner had material contact during the Partner's tenure. General advertising not targeted at Partnership personnel or clients is not a violation.

Confidentiality. Each Partner shall hold all non-public Partnership information — including trade secrets, client lists, financial information, and proprietary processes — in strict confidence during and after the Partner's tenure, and shall use such information solely for Partnership purposes.

10. Liability and Risk Disclosures

⚠️ Unlimited personal liability of General Partners. Each General Partner bears **joint and several unlimited personal liability** for the debts, obligations, and torts of the Partnership — including those incurred by any co-General Partner in the ordinary course of business. This liability is not limited by the General Partner's capital contribution or profit-share. A General Partner's personal assets — including home, savings, and non-Partnership property — may be reached by Partnership creditors. Partners who wish to avoid this exposure should consider converting to a limited liability company (LLC) or, for professionals, to a limited liability partnership (LLP).

11. State-Specific Notices

12. Dispute Resolution

Mediation, then arbitration. The Partners shall first attempt in good faith to resolve any dispute through non-binding mediation in [VENUE CITY], DE, with a mutually agreed mediator, for a period of thirty (30) days. If mediation is unsuccessful, the dispute shall be resolved by binding arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules in [VENUE CITY], DE. Notwithstanding the foregoing, any Partner may seek injunctive relief in a court of competent jurisdiction.

13. General Provisions

Governing law. This Agreement shall be governed by and construed in accordance with the laws of the State of DE, without regard to its conflict-of-laws rules.

Amendment. This Agreement may be amended only by a written instrument signed by Partners representing the unanimous consent required by Section 3.

Entire agreement. This Agreement constitutes the entire agreement among the Partners concerning the Partnership and supersedes all prior agreements and understandings, whether oral or written.

Severability. If any provision of this Agreement is held invalid or unenforceable, the remaining provisions shall continue in full force, and the invalid provision shall be modified to the minimum extent necessary to be enforceable while preserving the Partners' original intent.

Binding effect. This Agreement shall bind and benefit the Partners and their respective heirs, successors, permitted assignees, and personal representatives.

Counterparts and electronic signatures. This Agreement may be executed in counterparts, each of which shall be deemed an original. Electronic signatures are valid and binding under the federal E-SIGN Act (15 U.S.C. §7001 et seq.) and applicable state law, including the Uniform Electronic Transactions Act where adopted.

Notices. All notices under this Agreement shall be in writing and delivered by hand, nationally recognized overnight courier, certified mail (return receipt requested), or email to the addresses specified in Section 2.

Headings. Section headings are for convenience only and do not affect interpretation.

Waiver. No failure or delay by any Partner in exercising any right under this Agreement shall operate as a waiver thereof. A waiver is effective only if in writing and signed by the waiving Partner.

Signatures

IN WITNESS WHEREOF, the Partners have executed this Agreement as of the Effective Date.

Partner 1

PRINTED NAME

SIGNATURE

DATE

Partner 2

PRINTED NAME

SIGNATURE

DATE