

# Partnership Agreement California

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This **Partnership Agreement** ("**Agreement**") is entered into as of \_\_\_\_\_ ("**Effective Date**") by and between the parties below:

**Partner 1**

**Partner 2**

Partner 1 and Partner 2 may be referred to individually as a "**Party**" and collectively as the "**Parties**".

**WHEREAS**, the Partners desire to associate as co-owners of a business enterprise for profit;

**WHEREAS**, the Partners wish to establish the terms governing their rights, obligations, management responsibilities, and financial interests in the Partnership;

**WHEREAS**, the Partners intend that this Agreement shall govern the operation of their Partnership and their relationship with one another;

**NOW, THEREFORE**, in consideration of the mutual promises and obligations set forth in this Agreement, the Partners agree as follows:

## 1. Formation

The Partners hereby form a general partnership under the laws of the State of California under the name \_\_\_\_\_ or such other name as the Partners may subsequently approve.

The Partnership shall commence on \_\_\_\_\_ and shall continue until terminated in accordance with this Agreement.

## 2. Principal Place of Business

The principal place of business of the Partnership shall be located at:

The Partnership may establish additional offices or locations as determined by the Partners.

## 3. Business Purpose

The purpose of the Partnership is to engage in the following business activities:

The Partnership may engage in any lawful activity related or incidental to its stated purpose.

## 4. Partner Contributions

Each Partner shall contribute capital, property, services, or other assets to the Partnership as described below:

Partner	Initial Contribution	Value of Contribution

No Partner shall be required to make additional capital contributions unless unanimously agreed by all Partners in writing.

## 5. Ownership Interests

The ownership interests of the Partners shall be as follows:

Partner	Ownership Percentage

Ownership percentages shall determine each Partner's share of profits, losses, and distributions unless otherwise expressly provided in this Agreement.

## 6. Profits and Losses

The net profits and losses of the Partnership shall be allocated among the Partners in proportion to their ownership interests.

Allocations shall be made at the end of each fiscal year or at such other intervals as the Partners may determine.

## 7. Distributions

Subject to the Partnership's financial condition, operating requirements, debt obligations, and reasonable reserves, available cash may be distributed to the Partners in proportion to their ownership interests unless otherwise agreed in writing.

No Partner shall have the right to demand a distribution at any particular time.

## 8. Management and Authority

Each Partner shall participate in the management and operation of the Partnership unless otherwise agreed.

Except as specifically provided in this Agreement, decisions concerning ordinary business operations may be made by a majority of ownership interests.

The following actions shall require unanimous written approval of all Partners:

- Admission of a new partner;
- Sale of substantially all Partnership assets;
- Merger, consolidation, or restructuring of the Partnership;
- Borrowing exceeding \$ \_\_\_\_\_;
- Amendment of this Agreement;
- Dissolution of the Partnership.

No Partner shall bind the Partnership to any material obligation outside the ordinary course of business without the required approval under this Agreement.

## **9. Duties and Standards of Conduct**

Each Partner shall act honestly, in good faith, and in a manner reasonably believed to be in the best interests of the Partnership.

No Partner shall intentionally engage in conduct that materially harms the Partnership, misappropriates Partnership assets, or creates undisclosed conflicts of interest.

Each Partner shall devote such time and attention to Partnership affairs as reasonably necessary to fulfill their responsibilities.

## **10. Books, Records, and Accounting**

The Partnership shall maintain complete and accurate books, records, and financial accounts. Each Partner shall have reasonable access to Partnership records during normal business hours.

The fiscal year of the Partnership shall end on \_\_\_\_\_.

Appropriate accounting records shall be maintained in accordance with generally accepted accounting principles or another accounting method approved by the Partners.

## **11. Banking and Financial Matters**

Partnership funds shall be maintained in accounts established in the name of the Partnership. Withdrawals, transfers, and expenditures shall be authorized in accordance with procedures approved by the Partners.

No Partner shall commingle Partnership funds with personal funds.

## **12. Tax Matters**

The Partnership shall comply with all applicable tax filing and reporting obligations. The Partners shall cooperate in providing information reasonably necessary for tax reporting purposes.

Tax items shall be allocated among the Partners consistent with this Agreement and applicable law.

### **13. Admission of New Partners**

A new partner may be admitted only with the unanimous written consent of all existing Partners.

Any admitted partner shall execute a written agreement accepting the terms of this Agreement and any amendments thereto.

### **14. Voluntary Withdrawal**

A Partner may withdraw from the Partnership by providing at least \_\_\_\_\_ days' prior written notice to the remaining Partners.

Withdrawal shall not automatically dissolve the Partnership if the remaining Partners elect to continue the business.

The withdrawing Partner shall be entitled to receive the value of their Partnership interest determined in accordance with the Buyout clause.

### **15. Death, Incapacity, or Bankruptcy of a Partner**

Upon the death, permanent incapacity, bankruptcy, or similar event affecting a Partner, the remaining Partners may continue the Partnership.

The affected Partner or their legal representative shall be entitled to receive the value of the Partner's interest determined pursuant to the Buyout clause.

No successor shall automatically acquire management rights unless approved by the remaining Partners.

### **16. Buyout of Partnership Interests**

If a Partner withdraws, dies, becomes incapacitated, files for bankruptcy protection, materially breaches this Agreement, or otherwise ceases to be a Partner, the Partnership or remaining Partners shall have the option to purchase that Partner's interest.

The purchase price shall be determined by:

- A valuation method agreed upon by the Partners; or
- An independent business valuation conducted by a qualified appraiser selected by the Partners.

Unless otherwise agreed, payment may be made in a lump sum or installments under commercially reasonable terms.

## 17. Confidentiality

Each Partner shall maintain the confidentiality of non-public business information, trade secrets, financial data, customer information, business plans, and proprietary information belonging to the Partnership.

Confidentiality obligations shall survive withdrawal, retirement, termination of partnership status, and dissolution of the Partnership.

## 18. Indemnification

To the fullest extent permitted by applicable law, the Partnership shall indemnify a Partner for liabilities and expenses reasonably incurred while acting in good faith on behalf of the Partnership and within the scope of authorized duties.

Indemnification shall not apply to conduct involving fraud, intentional misconduct, gross negligence, or knowing violation of law.

## 19. Insurance

The Partnership may obtain and maintain insurance coverage deemed appropriate by the Partners, including general liability, professional liability, property, key-person, and other business insurance.

## 20. Dispute Resolution

The Partners shall first attempt in good faith to resolve disputes through negotiation.

If a dispute cannot be resolved through negotiation, the Partners agree to participate in mediation before commencing litigation, except where emergency legal relief is necessary to protect rights or assets.

## 21. Termination and Dissolution

The Partnership may be dissolved upon:

- Unanimous written agreement of the Partners;
- Sale of substantially all Partnership assets;
- Occurrence of an event requiring dissolution under applicable law; or
- Any other event specified in this Agreement.

Upon dissolution, the Partnership shall cease new business operations except as necessary to wind up its affairs.

Partnership assets shall be applied in the following order:

- First, payment of Partnership debts and liabilities;
- Second, establishment of any reasonable reserves;
- Third, return of capital accounts where applicable;
- Finally, distribution of remaining assets to the Partners in accordance with their ownership interests.

The obligations contained in the Confidentiality clause and any provisions intended to survive dissolution shall remain in effect.

## **22. Notices**

Any notice required under this Agreement shall be in writing and delivered personally, by recognized courier service, certified mail, or electronic transmission to the addresses designated by the Partners.

Notice shall be deemed received upon delivery or confirmed transmission.

## **23. Amendment**

This Agreement may be amended only by a written instrument signed by all Partners. No oral modification shall be effective.

## **24. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to conflict of law principles.

## **25. Entire Agreement**

This Agreement constitutes the entire understanding among the Partners concerning the subject matter addressed herein and supersedes all prior discussions, negotiations, representations, and agreements relating to the Partnership.

## **26. Severability**

If any provision of this Agreement is determined to be unenforceable, the remaining provisions shall remain in full force and effect to the extent permitted by law.

## 27. Counterparts and Electronic Signatures

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

Electronic signatures shall have the same effect as handwritten signatures to the extent permitted by applicable law.

### Signatures

The Partners acknowledge that they have read, understood, and voluntarily entered into this Agreement as of the Effective Date stated above.

**Partner 1**

**Name**

**Date**

**Signature**

\_\_\_\_\_

**Partner 2**

**Name**

**Date**

**Signature**

\_\_\_\_\_



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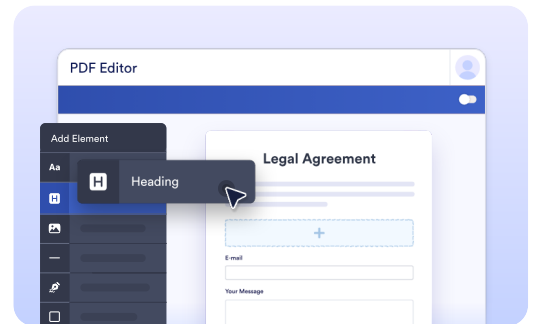
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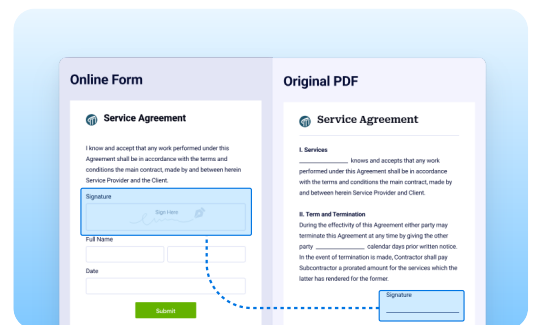
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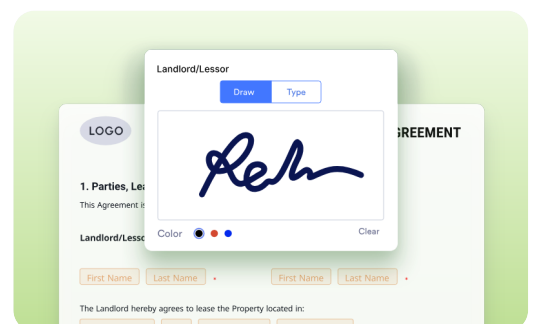
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