



Silent Partner Agreement

This **Silent Partner Agreement** (the "**Agreement**") is entered into as of _____
 ("**Effective Date**"), by and between:

Managing Partner

Silent Partner

The Managing Partner and the Silent Partner may be referred to individually as a "**Party**" and collectively as the "**Parties**."

1. Purpose

The purpose of this Agreement is to establish the terms under which the Silent Partner will contribute capital to the business operated by the Managing Partner (the "**Business**") in exchange for a share of profits, without participating in the day-to-day management or control of the Business.

2. Nature of Relationship

The Parties agree that:

- The Silent Partner shall not take part in the management, decision-making, or operations of the Business.
- The Managing Partner retains full authority and responsibility for the management and control of the Business.
- This Agreement does not create a general partnership, employment relationship, or agency relationship beyond the scope expressly stated herein.

3. Capital Contribution

The Silent Partner agrees to contribute the following capital to the Business:

The capital contribution shall be used for lawful business purposes as determined by the Managing Partner.

4. Profit and Loss Allocation

The Parties agree to the following:

- The Silent Partner shall be entitled to receive _____% of the net profits of the Business.
- Profit distributions shall be made _____, within a reasonable time after financial results are determined.
- Unless otherwise agreed in writing, the Silent Partner's liability for losses shall be limited to the amount of their capital contribution.

5. Management and Control

The Managing Partner shall:

- Have full authority to operate, manage, and make decisions regarding the Business.
- Maintain accurate financial records and provide periodic financial summaries to the Silent Partner upon reasonable request.

The Silent Partner shall:

- Not participate in daily operations or represent themselves as having authority to bind the Business.
- Not interfere with management decisions unless otherwise agreed in writing.

6. Confidentiality

The Silent Partner agrees to keep confidential all non-public information related to the Business, including financial data, trade practices, and operational details.

This obligation shall continue during and after the term of this Agreement.

7. Term

This Agreement shall commence on the Effective Date and continue:

- Until terminated in accordance with the Termination clause, or
- Until the Business ceases operations.

8. Termination

This Agreement may be terminated as follows:

- By mutual written agreement of the Parties.
- By either Party upon _____ days' written notice.
- Immediately by either Party in the event of a material breach by the other Party, if such breach is not remedied within a reasonable period after notice.

Upon termination:

- The Silent Partner shall be entitled to receive any unpaid profit distributions up to the termination date.
- The return of the Silent Partner's capital contribution shall be handled in a commercially reasonable manner, subject to the financial condition of the Business.
- The Confidentiality clause shall remain in effect.

9. Transfer of Interest

The Silent Partner may not transfer or assign their interest in the Business without the prior written consent of the Managing Partner.

10. Representations

Each Party represents that:

- They have the authority to enter into this Agreement.
- Their participation does not violate any other agreement or obligation.
- The Agreement is entered into for a lawful purpose.

11. Limitation of Liability

The Silent Partner shall not be personally liable for the debts or obligations of the Business beyond the amount of their capital contribution, except where required by applicable law.

12. Governing Law and Dispute Resolution

This Agreement shall be governed by the laws of _____.

Any disputes arising out of or in connection with this Agreement shall be resolved through good faith negotiations between the Parties. If unresolved, the dispute shall be submitted to a competent court within the governing jurisdiction.

13. Amendments

This Agreement may be amended only by a written document signed by both Parties.

14. Entire Agreement

This Agreement constitutes the entire understanding between the Parties regarding its subject matter and supersedes all prior discussions or agreements.

15. Notices

Any notice under this Agreement shall be in writing and delivered to the addresses of the Parties stated above, or to such other address as may be notified in writing.

The Parties acknowledge that they have read, understood, and agreed to the terms of this Agreement.

Managing Partner

Name

Date

Signature

Silent Partner

Name

Date

Signature
