**BUSINESS PARTNERSHIP AGREEMENT**

You are about to embark on a new career and possibly with a partner. Do yourself a favor now and put everything in writing. You may be best friends now, but what happens if there is a loss or something goes wrong. Everyone is always friendly when things are going good, but if the tide changes; watch out.

If you are considering a business partner, most likely it is someone with whom you are close; possibly a friend or relative. The simple fact that you are close now is why you are going into business. However, businesses can make or break relationships. I am not a big fan of going into business with people I know and love. Should things go south, you will likely lose the relationship. For this reason, put everything in writing.

For example, let’s say you are rehabbing a property and the lawn needs to be watered everyday. You assume the partner will do it and the partner assumes you will do it. Next thing you know, you are arguing over who will make the 20 minute drive to water the grass. It’s a simple thing to argue over, but it happens all the time. Soon there is an underlying feeling of resentment and this is your first deal.

If you use a good partnership agreement, you can avoid situations like this. I have had a partner for 10 years and it has been a very good relationship. We talked about everything in the beginning, put it in writing, made changes as we went, and have had no problems the entire time.

Several important points to cover in any partnership agreement is who will be responsible for what duties, what happens in the event of a profit, and what happens in the event of a financial loss.

No one ever expects to lose money; however, it can happen. Be certain to discuss this is detail.

Personally, I believe partnerships are best when everything is split 50-50. If one person has the money and the other puts in the time, in my book they are equal partners. Sometimes the folks with the money think they deserve a larger split of the money, but time is very valuable as well. It takes time to build a successful business as well as money. Both are necessary and both are equally as important.

Whichever way you decide to do it will be fine. I caution you to make sure the relationship can withstand the pressures of business.

**BUSINESS PARTNERSHIP AGREEMENT**

THIS PARTNERSHIP AGREEMENT (the "Agreement"), dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_, is made by and between \_\_\_\_\_\_\_ ("Partner 1"), having an address at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ("Partner 2"), having an address at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, both recognized as general partners under the name "\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_", a  **YOUR STATE**  General Partnership."

I. PURPOSE

The purpose of the partnership is to mainly invest in real estate (whether rental or resale) and to possibly invest in other markets mutually agreeable between the partners.

II. ADDRESS

The address of the business until further notice will be: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_; the telephone number will be (\_\_\_) \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

III. TERM

The term of this Agreement will expire on a mutually agreeable date determined amongst the partners in the future.

IV. CONTRIBUTION & LOAN

Each partner will contribute an initial $\_\_\_\_\_\_\_\_\_\_\_\_ to go toward starting expenses. The partnership will open an account at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, having an account no.: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

The partnership will create a separate agreement regarding contribution and/or loan for each piece of property it acquires or investment it makes. Said agreement will cover the type of contribution/loan and duties of each partner as well as any disbursements made.

Neither partner will withdraw monies from the business bank account for any use unrelated to the business and must always present a receipt for any monies spent from the partnership's bank account.

V. ASSETS

As of **\_\_\_\_DATE\_\_\_\_\_\_\_\_\_**, \_\_\_\_\_, "**YOUR COMPANY NAME**" only assets are a bank account, literature, and various office supplies. The assets are divided equally among the partners and future assets will be distributed according to contribution/loan agreements per "IV" above.

VI. LIABILITY AND INDEMNITY

Each partner will obtain his/her own personal liability "umbrella coverage" in the amount of $1,000,000, adding each property as it is acquired. The partnership will obtain a "landlord's policy" on each piece of property it acquires carrying maximum liability limits. Each partner indemnifies the other against claims against him/her individually exceeding the amount covered by his/her individual liability policy.

VII. DISTRIBUTION OF PROFITS AND LOSSES

Distribution of profits and losses will be covered in separate agreements regarding each investment made.

VII. EXPENSES

Each partner will keep a record of monthly expenses (i.e., gas receipts, toll road receipts, etc.). Each partner MUST obtain receipts for every item listed on his/her expense chart.

VIII. DUTIES OF PARTNERS

Partner 1 will act as:  **PLACE DUTIES HERE**. Partner 2 will act as: **PLACE DUTIES HERE.** However, either partner may share in the duties mentioned herein and/or take turns per agreement.

Both partners will be able to attend auctions individually on behalf of the partnership, but must obtain the prior consent of the other partner in any decision to acquire any property whatsoever and howsoever (including auctions), or to make any type of investment on behalf of the partnership. Likewise, neither partner may sell or trade any partnership investment without prior consent from the other partner.

Both partners agree that any and all information acquired through the course of business or procedures followed by "your company name" relating to the partnership will be kept strictly confidential and will not be shared with anyone outside of the partnership.

Either partner may pursue the same goal outside of the partnership.

IX. VACATION, HOLIDAYS, SICK DAYS & RETIREMENT

Taking vacation time and holidays is up to the individual partner who must give prior notice of intent to be out of work to the other partner.

There is no limit on sick days and there is no retirement plan at this time, which the partnership pays for.

An accurate record of each partner's days worked, schedule followed, and days off will be kept by the individual partner for the files of the partnership.

X. LIFE INSURANCE

At this time neither partner will be required to obtain life insurance. At a later time, to be determined by the partners, depending on partnership assets, life insurance on each partner may be necessary.

XI. ACCOUNTING PROCEDURES

The accountant for the partnership will be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, C.P.A. The fiscal year for the partnership will be from January 1 through December 31.

XII. CHANGES IN PARTNERS

Any additional partners to the partnership will be voted in by unanimous vote only among the General Partners and will become a limited partner; likewise, any added partner may also be expelled by unanimous vote of the General Partners. If the partnership has a partner for a particular investment, then the partnership will do a "joint venture" agreement with that individual. The joint venture agreement will discuss the type of investment made, the contribution and/or loan of each person involved and the distribution of losses and profits.

If and when a partner wishes to withdraw or retire from the partnership, the payment (if any) from investments in which said partner has an interest will be negotiated via a "Withdrawal Agreement." In the event of the death of any partner other than a General Partner, the interests of that individual will become those of **"YOUR COMPANY NAME"** and will not be paid out to the Estate of the deceased, unless otherwise expressed in the partnership agreement or joint venture agreement with that individual. Upon the death of a General Partner, his/her proceeds will be divided appropriately and paid to his/her Estate. The remaining General Partner will take over the duties and responsibilities of the other and continue in business at his/her option.

The dissolution of the partnership will take place within 60 days after termination as set forth above and will disburse proceeds accordingly to each partner. A "Dissolution Agreement" or "Termination Agreement" specifying the date, reason, and division of assets will be prepared and signed by each partner at the time of dissolution.

XIII. ARBITRATION

In the event a dispute arises between the partners and cannot be solved amicably after consultation with a third party, the partners will flip a coin.

THE PARTIES SIGNING THIS AGREEMENT HAVE READ AND UNDERSTAND ITS CONTENT AND AGREE THAT THIS IS A LEGALLY BINDING DOCUMENT.

Signed, sealed, and delivered in the presence of:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(As to Partner 1)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(As to Partner 1)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(As to Partner 2)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(As to Partner 2)