

General Partnership agreement

PREVIEW

1. A Partnership agreement sets forth in writing the rights and obligations of the co-owners of a partnership.

2. The Texas Uniform Partnership Act [RS Art 6132(b) § 6, 6A] defines a partnership as an association of two or more persons to carry on as co-owners of a business for profit. Pursuant to various sections of this statute, every partner is jointly and severally liable for the obligations of the partnership as well as for the wrongful acts of partners in the course of partnership business. There is, of course, no centralized management and no entrance of new partners without the consent of all the partners. Dissolution occurs in a general partnership at the end of a fixed term, or, in the absence of an agreement to the contrary, upon the death, bankruptcy, withdrawal or expulsion of a partner.

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3. The form that follows is a comprehensive partnership agreement, several of whose sections deserve special mention:

4. Section 2 sets forth the purposes of the partnership. Generally, no partnership will do all that this one intends, and thus, in drafting a partnership agreement, the inapplicable sections should be deleted.

5. Section 4 provides for future contributions by all partners, to be secured by a lien on the partnership interests.

6. Distributions according to Section 5 must be made only as determined by a vote of 65% in interest, not in number, of the partners.

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7. Section 7 appoints a manager to serve without compensation in administering the day-to-day activities of the partnership.

8. Section 9 restricts transferability of partnership interests, and also provides for continuation of the partnership despite the death of a partner.

9. The events of default by a partner are specified in Section 10; these are standard. In the event of default, this agreement gives the nondefaulting partners the right to buy out the defaulting partner. This is a very generous provision since many agreements provide that a defaulting partner forfeits his entire interest in the partnership.

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10. Section 12 sets forth the means chosen to determine the fair market value of a partnership interest, in this case by appraisers.

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Checklist Matters to be considered when drafting a general partnership agreement

PREVIEW

1. Full name and address of each partner,
2. Marital status of each partner,
3. Partnership's name,
4. Purpose or business of partnership,
5. Partnership's duration,
 - a. Date the partnership will commence,
 - b. Statement of whether partnership is to continue for specified period or until dissolved by agreement or other act of the partners.
6. Place of business, including principal place of business, and, if appropriate, other places of operation,
7. Capital contributions,
 - a. Amount required for the partnership to commence business,
 - b. Amount and type of capital to be contributed by each partner,
 - c. Description of any property other than money that is to be contributed by each partner,
 - d. Manner in which property other than money is to be valued,
 - e. Time when contributions are to be made,
 - f. Arrangement for partners to loan cash or property to the partnership.
8. Right to make withdrawals from capital,
9. Partner's right in a specific partnership asset or property, including the right to transfer his or her interest to a third person,
10. Acquisition and valuation of assets, including good will,
11. Transfer of license and insurance policies, etc.,
12. Assumption of debt and liabilities when an existing business is taken over by the partnership,

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11. Manner of taking title to partnership assets,
12. Ownership of intellectual property including inventions and patents,
13. Manner in which profits and losses are to be divided or shared,
14. Indemnity and contribution between partners,
15. Minimum amount of time that each partner must devote to the partnership, including reasonable restrictions against engaging in outside business activities,
16. Description of duties and services to be rendered by each partner,
17. Requirement for bonding the partners,
18. Salaries, drawing accounts, and partner's expenses, including provisions as to vacations and leaves of absence,
19. How management is to be shared, whether by a managing partner, managing committee or majority or other vote of partners,
20. Elements of management and control, including responsibility for and authority to sign checks, make purchases, pay expenses, execute conveyances and leases, obtain insurance, and hire and discharge employees,
21. Maintenance of funds, including designation of depository and establishment of reserve funds,
22. Accounting, including inventory, establishment of the fiscal year, designation of accounting basis, keeping and inspection of books, and periodical audits,
23. Restrictions on the powers of the individual partners, including the assumption of suretyship or similar obligations, including but not limited to lending and borrowing money, making purchases, conducting transactions with third persons, and compounding and discharging debts,
24. Settlement of disputes by arbitration, majority vote of partners, or other method,
25. Method of giving notice to partners,
26. Admission of new partners, including whether consent of the other partners must be obtained,
27. Procedure for withdrawal or retirement of partners.

PREVIEW

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28. Provision for continued use of the partnership name on death or retirement of a partner or on sale of the business,

PREVIEW

29. Restrictions on activities of a partner after withdrawal or retirement, including use of tradenames and trade secrets and engagement in competitive activities,

30. Manner of liquidating a retired partner's partnership interest,

31. Manner in which partnership clients are to be distributed on withdrawal or retirement of a partner,

32. Notice that must be given by a partner of his or her intention to withdraw from the partnership,

33. Grounds for and method of removal or expulsion of a partner, as well as the termination of his or her interest and continuation or dissolution of the firm,

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34. Effect of death of a partner and whether there should be a continuation or dissolution of the firm, or an incorporation,

35. Effect of illness, incompetency, insanity, or other disability of a partner, including insurance to be acquired for such occurrence and how premiums to be paid,

36. Purchase or other disposition and valuation of a partner's interest, including good will, on his or her withdrawal, retirement, removal, expulsion, or death,

37. Voluntary dissolution, including method for dissolution and provision for distribution of assets,

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38. Liquidation proceedings on dissolution,

39. Amendment of the partnership agreement, and

40. Signatures and, if desired, notarization.

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PREVIEW

This Partnership Agreement is made and entered into on _____, by and between [name], and [name], whose addresses and interests in the partnership are listed in Exhibit "A" attached to this Agreement and made a part of this Agreement (collectively, "Partners").

1. NAME AND PLACE OF BUSINESS

1.1 The activities and business of the partnership shall be conducted in Texas under the name of _____, and under such variations of this name as may be necessary to comply with the laws of other states within which the partnership may do business or make investments.

1.2 The principal place of business of the partnership shall be [address], but additional places of business may be located elsewhere.

1.3 The mailing address of the partnership shall be _____.

2 PURPOSES OF THE PARTNERSHIP

2.1 The purposes of the partnership shall be as follows:

a. To engage generally in the real estate business; to improve or develop real estate; to construct, alter, or repair buildings or structures on real estate; to invest in real estate; to sell, exchange, lease, and make contracts concerning real estate.

b. To engage generally in the oil business, to acquire, own, hold, develop, and operate mineral properties, either as operator, managing agent, principal agent, partner, stockholder, syndicate member, associate, joint venturer, participant, or otherwise; to invest funds in, and to raise funds to be invested in, such business; to purchase, construct, or otherwise acquire and own, develop, operate, lease, mortgage, pledge, and sell or otherwise dispose of plants, facilities, refineries, pipelines, and other properties, and any interest therein; and to do any and all things necessary or incident to these activities.

c. To invest in stocks, bonds, and securities, including, without limitation, the purchase or sale of, and dealing in, stocks, bonds, notes, and evidence of indebtedness of any person, firm, enterprise, corporation, or association, domestic or foreign; bonds and any other obligations of any government, state, municipality, school district, or any political subdivision thereof, domestic or foreign; bills of exchange and commercial papers and any and all other securities of any kind, nature, or description whatsoever; and gold, silver, grain, cotton, and other commodities and provisions usually dealt in on exchanges, or upon the over-the-counter market, or otherwise; and, in general, without limitation of the foregoing, to conduct such activities as are usual and customary in the investment in stock, bonds, and securities.

d. To enter into other partnership agreements in the capacity of a general partner or a limited partner, to become a member of a joint venture, or to participate in some other form of

syndication for investment; and to buy, sell, lease, and deal in services, personal property, and real property.

PREVIEW

3. TERM OF PARTNERSHIP

3.1 The partnership shall begin on _____, and shall continue until _____, and thereafter from year to year unless sooner terminated as specifically provided in this Agreement.

4. CONTRIBUTIONS TO PARTNERSHIP

4.1 The partners acknowledge that each partner shall be obligated to contribute and, will, upon demand, contribute to the partnership, the amount of cash or property of agreed fair market value set out opposite the name of each partner in Exhibit "A" and [his or her] initial capital contribution.

4.2 Each partner shall be obligated to make advances as set forth below in this paragraph, until such obligation shall be terminated by a vote of 65% in interest, not in numbers, of the partners.

a. Each partner shall advance to the partnership, upon written request by the manager of the partnership, the partner's pro rata share (the ownership percentage set opposite the name of each partner in Exhibit "A") of all costs, expenses, or charges with respect to the operation of the partnership and the ownership, operation, maintenance, and upkeep of any partnership property, including, but not limited to, ad valorem taxes, debt amortization (including interest payments), insurance premiums, repairs, costs of capital improvements made upon approval by the partners as provided in the Agreement, management fees or salaries, advertising expenses, professional fees, wages and utility costs, to the extent such costs, expenses, or charges exceed the income, if any, derived from the partnership.

b. The manager of the partnership may estimate the cash requirements of the partnership for periods of up to one year in advance and request payment of each partner's pro rata share of the estimated cash requirements, and each partner shall pay that amount within 10 days after receiving a statement thereof.

c. At the end of each period covered by the estimate, the manager of the partnership shall render an accounting to each partner as to the amount actually expended for such costs, expenses, or charges, and if the estimate paid by the partners exceeded the actual cash expenditures, the manager of the partnership shall either refund the excess to the partners or apply the excess against the estimate of cash requirements for the next succeeding period.

4.3 Each partner hereby grants to the manager of the partnership a lien on [his or her] interest in the partnership to secure payment of any and all contributions and the performance of any and all obligations required or permitted under this Agreement.

5.1 The interest of each partner in and to any net profits of the partnership and the obligation and liability of each partner as among the partners with respect to any and all liabilities and losses in connection with the business of the partnership shall be the percentage set opposite each partner's name in Exhibit "A."

a. In the event of a default under this Agreement by a partner, the defaulting partner hereby indemnifies the other partners against any loss or liability exceeding the percentages set forth in Exhibit "A" by reason of any liability or loss resulting from the default.

b. No partner shall have any right to compensation solely by reason of his contribution to the partnership except to share in the net profits in the percentage set opposite each partner's name in Exhibit "A" unless otherwise provided in this Agreement.

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Any partner may, however, lend to the partnership such additional funds as the partners may agree upon and interest at the prevailing rate per annum shall be paid on any such loan and charged as an expense of the partnership business.

5.2 Distributions from the partnership to the respective partners shall be made at such times and in such amounts as may be determined by a vote of 65% in interest, not in numbers, of the partners; any distribution from the partnership shall be made proportionately to all partners in the percentage set opposite each partner's name in Exhibit "A."

6. OWNERSHIP OF PARTNERSHIP PROPERTY

6.1 All real or personal property, including all improvements placed or located on such property, acquired by the partnership shall be owned by the partnership, such ownership being subject to the other terms and provisions of this Agreement. Each partner hereby expressly waives the right to require partition of any partnership property or any part of that property.

7. FISCAL MATTERS

7.1 The fiscal year of the partnership shall be the calendar year.

7.2 Proper books and records shall be kept with reference to all partnership transactions, and each partner shall at all reasonable times during business hours have access to the books and records.

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a. The books shall be kept upon such method of accounting as shall properly reflect the income of the partnership and as shall be agreed upon by the partners.

b. The books and records shall include the designation and identification of any property in which the partnership owns a beneficial interest; such records shall include, but shall not be limited to, the ownership of property, real, personal, and mixed, as well as any property in which the partnership owns an interest if the title to such property has been recorded or is maintained in the name of one or more designated partners without designation of the partnership.

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c. The books and records of the partnership shall be reviewed annually at the expense of the partners by a certified public accountant selected by the partners, who shall annually prepare and deliver to the partnership, for filing, the appropriate federal partnership income tax return.

7.3 All funds of the partnership shall be deposited in its name, or in the name of a nominee as provided in paragraph 8.2, in an account or accounts maintained at a national or state bank designated by the manager of the partnership, or with an agent designated by the manager of the partnership.

a. Checks shall be drawn on the partnership account or accounts only for purposes of the partnership and shall be signed by the manager of the partnership or by an officer or authorized agent of the manager of the partnership.

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8. MANAGEMENT OF PARTNERSHIP AFFAIRS

8.1 Control of the partnership and all of its affairs shall be in the partners, who shall have equal rights in the management and conduct of the partnership investments and activities.

a. In order to simplify the operations of the partnership, the partners hereby designate [name] as manager of the partnership, to serve in that capacity until such time as the partners designate a new manager by vote of 65% in interest, not in numbers, of the partners.

8.2 The manager shall not receive a salary or any other compensation for serving as manager. The partners hereby delegate to the manager of the partnership the responsibility for the day-to-day management and ministerial acts of the partnership.

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8.3 The manager of the partnership shall have the right and power to bind the partnership, subject to the conditions and limitations set forth in paragraph 8.3 and elsewhere in this Agreement.

a. It is agreed that the general management and final determination of all questions relating to the usual daily business affairs and ministerial acts of the partnership shall rest in the manager of the partnership.

b. In this connection, and not by way of limitation, the manager of the partnership is authorized to do any and all things and to execute any and all documents, contracts, evidences of indebtedness, security agreements, financing statements, and the like, necessary or expedient to carry out and effect the purpose of the parties as expressed in this Partnership Agreement.

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c. All business arrangements entered into shall be upon such terms and conditions as generally would be characteristic of such arrangements made by a businessperson exercising prudent and sound business judgment in similar circumstances.

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d. The manager of the partnership shall devote such attention and business capacity to the affairs of the partnership as may be reasonably necessary. In this connection, the parties hereby acknowledge that the manager of the partnership manages, and may continue to manage, other partnerships, and may continue to engage in other distinct or related businesses.

8.4 All partners recognize that there may from time to time be practical difficulties in doing business as a partnership occasioned by the attempts of strangers to the partnership to satisfy themselves regarding the capacity of a partner to act for and on behalf of the partnership, or for other reasons.

a. Each partner hereby specifically authorizes the other partners to acquire all real and personal property, arrange all financing, enter contracts, and complete all other arrangements necessary to effect the purposes set forth in Section 2 of this Agreement, either in the partner's own name or in the name of a nominee, without disclosure of the existence of this partnership.

b. If a partner decides to carry on the business of the partnership in that partner's own name or in the name of a nominee, the partner shall place a written declaration of trust in the partnership books and records that acknowledges the capacity in which the nominee acts and the name of the true or equitable owner, namely, the partnership.

8.5 The acquisition of partnership property or the creation of indebtedness of the partnership in the name of a partner acting as such a nominee shall not give the partner an interest in partnership property or cause the partner to be liable for a partnership debt in excess of the partner's percentage of interest in the partnership as set opposite the partner's name in Exhibit "A" attached to this Agreement.

a. No note or other obligation executed by the partner as maker, the nature of which imposes personal liability on the maker thereof, will impose personal liability on the partnership for the payment of the note or performance of the obligation.

8.6 The individual partners and the manager of the partnership shall not have any authority with respect to the partnership and this Agreement to:

a. Do any act in contravention of this Agreement;

b. Do any act that would make it impossible to carry on the business of the partnership;

c. Possess partnership property or assign the right of the partnership or its partners in specific partnership property for other than a partnership purpose;

d. Make, execute, or deliver any general assignments for the benefit of creditors, or any bond, guaranty, indemnity bond, or surety bond;

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e. Assign, transfer, pledge, compromise, or release any claim of the partnership except for full payment, or arbitrate, or consent to the arbitration of, any of its disputes or controversies;

PREVIEW

f. Make, execute, or deliver any deed, long-term ground lease, or contract to sell all or any part of any partnership property, or execute any new note or mortgage to renew and extend without increasing any existing note or mortgage, without first having obtained the vote or written consent of 65% in interest, not in numbers, of the partners; or

g. Do any of the following without the unanimous consent of all the partners:

(i) Confess a judgment;

(ii) Make, execute, or deliver to the partnership any bond, mortgage, deed of trust, guarantee, indemnity bond, surety bond, or accommodation paper or accommodation endorsement;

(iii) Amend or otherwise change this Agreement so as to modify the rights or obligations of the partners as set forth in this Agreement; or

(iv) Create any personal liability for any partner other than that personal liability to which any partner may have agreed to in writing.

8.7 The partners shall hold regular annual meetings at times and places to be selected by the partners. In addition, 30% in interest, not in numbers, of the partners may call a special meeting to be held in _____ County, at any time after giving three days notice to all of the partners.

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a. Any partner may waive notice of or attendance at any meeting of the partners and may attend by telephone or any other electronic communication device or may execute a signed written consent.

b. At any such meeting, the partners shall transact such business as may properly be brought before the meeting.

8.8 Any action required or permitted by statute or by this Agreement to be taken at a meeting of the partners may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the partners entitled to vote with respect to the action taken, and that consent shall have the same force and effect as a unanimous vote of the partners.

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9. RESTRICTIONS ON TRANSFER

9.1 Except as otherwise provided in this Agreement, no partner may sell, assign, transfer, encumber, or otherwise dispose of any interest in the partnership, partnership property, or assets of the partnership without the prior written consent of 65% in interest and not in numbers, of all other partners. No partner has title to any interest in property in the absence of such consent.

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PREVIEW

Any such prohibited transfers of trade shall be void and without force or effect; any attempt by any partner to dispose of the partner's interest in violation of this prohibition shall constitute a material default under this Agreement.

9.2 The death of any partner may or may not have the effect of terminating or dissolving this partnership. On the death of any partner, the partnership business shall be continued until the end of the fiscal year in which the death occurs.

a. At the end of the fiscal year, the surviving partners shall have the right either to continue the partnership business with the estate of the deceased partner continuing as a member in the partnership, or to liquidate the partnership business and terminate the partnership.

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If the surviving partners elect to continue the partnership, the estate of a deceased partner shall succeed to the deceased partner's interest in this partnership and shall be bound by the terms and provisions of this Agreement.

c. In the event that the interest of the deceased partner does not pass in trust, or passes to more than one heir or devisee, or, upon termination of any such trust, is distributed to more than one beneficiary, such heirs, devisees, and/or beneficiaries ("distributees") shall, within 90 days after distribution by the estate of the deceased partner or by the trustee under any trust established by the deceased partner, execute and deliver to the managing partner a written instrument, including a power of attorney, appointing one person, firm, or corporation as and to be the agent of and for the distributees.

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d. The agent shall be responsible for collecting, receiving, and making all payments and contributions required under this Agreement, shall vote the entire interest of the distributees, and shall perform all other obligations of the distributees performable by reason of or arising from their interest in the partnership.

e. Any and all payments and/or disbursements due the distributees for or arising from their interest in the partnership shall be deemed to have been validly made to the distributees if paid to the duly designated agent.

f. In the event that the distributees for any reason fail to designate an agent in writing in the manner and within the time prescribed, and continue to fail to cure that default after 10 days' written notice from the managing partner to correct the default, that failure shall constitute a material default under this Agreement.

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9.3 Any transferee or assignee to whom an interest in the partnership may be transferred under the terms of this Agreement who is not at the time of such transfer a party to this Agreement shall take the interest subject to all of the terms and conditions of this Agreement and shall not be considered to have title to the interest until the transferee or assignee shall have accepted and assumed the terms and conditions of this Agreement by a written agreement to that effect.

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~~10. DEFAULT BY PARTNER~~

PREVIEW

10.1 The following events shall be deemed to be events of default by a partner:

a. Failure of a partner to make when due any contribution or advance required to be made under the terms of this Agreement and the continuance of that failure for a period of 10 days after written notice of the failure from the manager of the partnership.

b. Violation of any of the other provisions of this Agreement and failure to remedy or cure the violation within 10 days after written notice of the violation from the manager of the partnership or the other partners.

c. The making of an assignment for the benefit of creditors or the filing of a petition under any section or chapter of the federal Bankruptcy Act, as amended, or under any similar law or statute of the United States or any state of the United States.

d. Adjudication of a partner as bankrupt or insolvent in proceedings filed against the partner under any section or chapter of the Bankruptcy Reform Act of 1980, as amended, or under any similar law or statute of the United States, or any state of the United States without further possibility of appeal or review.

e. The appointment of a receiver for all or substantially all of the assets of a partner and the failure to obtain the discharge of the receiver within 30 days after appointment.

f. The bringing of any legal action against a partner by the partner's creditor, resulting in litigation which, in the opinion of the manager of the partnership or 65% in interest, and not in numbers, of the other partners, creates a real and substantial risk of involvement of the partnership property which will probably:

(i) Act to their financial detriment; or

(ii) Result in the creditor, or his assigns, succeeding in or to all or a part of the interest of such partner in the partnership.

g. The failure of the distributees to appoint, in the manner and within the time prescribed, the agent required under paragraph 9.2.

10.2 Upon the occurrence of an event of default by a partner, 5% in interest, not in numbers, or more of the other partners shall have the right, at their election made at any time within one year from the date of default, and on giving the defaulting partner 10 days' written notice of the election, provided the default is continuing on the date the notice is given, to terminate the interest of the defaulting partner, without effecting a termination of the partnership.

a. In the event of such a termination, each and every nondefaulting partner who voted to elect the option of "purchase of partner's" shall be required to purchase, pro rata in the proportion that the interest of each in the partnership bears to the aggregate of all interests in the

partnership of purchasing partners who voted to elect such option, the interest of the defaulting partner.

PREVIEW

b. The purchase price to be paid to the defaulting partner shall be paid in cash, or, at the option of the purchasing partners, by the execution and delivery of each purchasing partner's note payable to the order of the defaulting partner, in a total amount equal to the purchase price, or the execution and delivery of a note made by all the purchasing partners in the amount of the purchase price.

c. The note or notes shall bear interest at the rate of ____ percent (____%) per annum and shall be payable in _____ equal monthly installments of principal and interest, the first such payment to be made one month from the date of execution and delivery of the note; the note or notes shall have full prepayment privileges without penalty.

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d. In the event the purchasing partners elect to exercise the option contained in this paragraph, the purchase price to be paid to the defaulting partner shall be the lower of:

(i.) The fair market value of the defaulting partner's partnership interest; or

(ii.) The total cash investment of the defaulting partner in the partnership, or the agreed value of the property contributed, as of the date of default.

e. The purchase price shall be reduced by the aggregate amount of any outstanding debts to the partnership and by the amount of any and all damages caused by the default of the defaulting partner. Fair market value shall be determined in the manner set forth in Section 12 of this Agreement.

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f. On receipt of the purchase price, either in cash or by note, if any, by the defaulting partner, the defaulting partner shall have no further interest in the partnership or its business or assets and the defaulting partner shall execute and deliver such assignments and other instruments as may be reasonable to evidence and fully and effectively transfer the interest of the defaulting partner to the nondefaulting partners.

g. In the event the appropriate instruments are not delivered, after notice by the manager of the partnership that the consideration is available to the defaulting partner, the manager of the partnership may deliver such consideration to the defaulting partner, and execute as the defaulting partner's irrevocable agent, any appropriate legal instruments to the appropriate continuing partners. All parties to this Agreement agree that the manager of the partnership shall not have any individual liability for any actions taken in this connection.

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h. No assignment or transfer of a defaulting partner's interest as provided in this Agreement shall relieve the defaulting partner from any personal liability for outstanding indebtedness, liabilities, liens, and obligations relating to the partnership that may exist on the date of the assignment or transfer.

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i. The default of any partner hereunder shall not relieve any other partner from that partner's agreements, liabilities or obligations under this Agreement. A defaulting partner's interest in the partnership shall not be considered in any partnership voting requirement.

10.3 Any partner may agree to assist any other partner in the event of default and that agreement or any advancement or payment made under it shall be secured by a lien upon the interest of the defaulting partner in the partnership, which lien may be foreclosed, at the option of the assisting partner, by the manager of the partnership.

10.4 If any partner shall default in the performance or observance of any covenant, condition, or other provision of this Partnership Agreement, any other partner may, without waiving any claim for breach of this Partnership Agreement, and after written notice which is reasonable under the circumstances, cure the default for the account of the defaulting partner.

a. The defaulting partner shall reimburse or repay any reasonable amount paid and any reasonable expense or contractual liability so incurred, with interest at the highest lawful rate. The obligation to reimburse and repay shall be secured by a lien on the interest of the defaulting partner in the partnership, which lien may be foreclosed, at the election of the partner exercising this option to cure default, by the manager of the partnership.

10.5 In the event a partner is in default under the terms of this Partnership Agreement, the lien provided for in paragraph 4.3 of this Agreement may, at the election of 65% or more in interest, not in numbers, of the nondefaulting partners, be foreclosed by the manager of the partnership.

10.6 Each partner hereby makes, constitutes, and appoints the manager of the partnership as the partner's attorney in fact in the event the partner becomes a defaulting partner whose interest in the partnership has been foreclosed in the manner prescribed above.

a. On any such foreclosure, the manager of the partnership is authorized and permitted to execute and deliver a full assignment or other transfer of the defaulting partner's interest in the partnership. The manager of the partnership shall have no liability to any person in making such an assignment or transfer.

10.7 Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies provided by law, nor shall pursuit of any remedy provided in this Agreement constitute a forfeiture or waiver of any amount due to the remaining partners or of any damages accruing to them by reason of the violation of any of the terms, provisions, and covenants contained in this Agreement.

a. No waiver by the remaining partners of any violation or breach shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions, and covenants contained in this Agreement, and forbearance by them to enforce one or more of the remedies provided in this Agreement on an event of default shall not be deemed or construed to constitute a waiver of the default.

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PREVIEW

11.1 Subject to the provision of Section 8, this Agreement may be amended or modified by the partners from time to time but only by a written instrument executed by partners owning collectively at least 65% in interest, not in numbers, in the partnership.

12. PROCEDURE FOR APPRAISEMENT

12.1 Within 10 days after an appraisal is required under any provisions of this Agreement, each group or individual, as the case may be, shall select an appraiser who is a member of the American Institute of Real Estate Appraisers. If either party fails to name an appraiser within the specified time, the other party may select the second appraiser.

12.2 The two appraisers so selected shall promptly proceed to determine the fair market value of the partnership interest and equity in the partnership of the partner in question, taking into consideration any outstanding indebtedness, liabilities, liens, and obligations to be charged against the partnership property.

a. The determination of the fair market value by the two appraisers, selected as provided above, shall be final and binding on all parties; and if the two appraisers so selected are unable to agree on a fair market value, the two appraisers shall select a third appraiser, who shall also be a member of the American Institute of Real Estate Appraisers, whose determination as to the fair market value shall be averaged with the appraisals of the original two appraisers.

b. The average of the three appraisals shall be conclusive evidence as to the fair market value and shall be final and binding on all parties. The appraisers shall deliver a written report of their appraisal to the manager of the partnership, who shall provide copies of the appraisal to all interested parties.

12.3 Each party shall pay the fee and expense of the appraiser selected by that party, and, if a third appraiser is selected, the fee of the third appraiser shall be borne equally by the parties appointing the other two appraisers.

13. TERMINATION OF THE PARTNERSHIP

13.1 The partnership may be terminated at any time at a specially called meeting on the affirmative vote of 65% in interest, not in numbers, of the partners.

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a. Upon such termination the assets of the partnership shall be applied first to payment of the outstanding partnership liabilities, although an appropriate reserve, the amount determined by the manager of the partnership, may be maintained for any contingent liability until the contingent liability is satisfied.

b. The balance of the reserve, if any, shall be distributed, together with any other sums remaining after payment of the outstanding partnership liabilities, to the partners pro rata as their interest appears on Exhibit "A," unless otherwise provided in this Agreement.

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14. MISCELLANEOUS PROVISIONS

PREVIEW

14.1 Except as may be otherwise specifically provided in this Agreement, all notices required or permitted under this Agreement shall be in writing and shall be deemed to be delivered when deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the parties at the respective addresses set forth in Exhibit "A" or at such other addresses as may have been specified by written notice delivered in accordance with this provision.

14.2 This Agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created under this Agreement are performable in _____ County, Texas.

14.3 The parties to this Agreement covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effect and carry out the partnership created by this Agreement.

14.4 The headings used in this Agreement are used for administrative purposes only and do not constitute substantive matter to be considered in construing the terms of this Agreement.

14.5 This Agreement shall be binding on and shall inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, successors, and assigns where permitted by this Agreement.

14.6 This Agreement shall not be more strictly construed against any one party than against any other.

THIS DOCUMENT

14.7 In case any one or more of the provisions contained in this Partnership Agreement shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, that invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and this Partnership Agreement shall be construed as if the invalid, illegal, or unenforceable provision had never been contained in it.

14.8 This Partnership Agreement may be executed in any number of counterparts and each of the counterparts shall for all purposes be deemed to be an original.

14.9 Wherever the context shall so require, all words in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural, and all plural words shall include the singular.

THANK YOU

14.10 This Agreement supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter contained in this Agreement.

Signed on _____

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PREVIEW

Partner

Partner

EXHIBIT "A"

Name and Address _____

Social Security Number _____

Initial Capital Contribution _____

Percentage of Ownership _____

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THANK YOU

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