

# 50/50 PARTNERSHIP

**Partnership Name:** [PARTNERSHIP NAME] **Governing State:** [STATE] **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") as a general partnership under the laws of the State of [STATE].

## 1. Formation and Purpose

**Name.** The Partners hereby form a general partnership under the name [PARTNERSHIP NAME] pursuant to the Revised Uniform Partnership Act (or the analogous partnership statute) of the State of [STATE].

**Governing law.** The Partnership is governed by the laws of the State of [STATE].

**Principal office.** The principal office of the Partnership is located at [PRINCIPAL OFFICE ADDRESS], and may be relocated by vote of the Partners.

**Purpose.** The Partnership is formed for the following purpose (the "Purpose"): [BUSINESS PURPOSE]. The Partnership may engage in any lawful activity reasonably related to or in furtherance of the 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 by timely filing IRS Form SS-4.

## 2. Partners, Capital Contributions, and Profit Shares

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.

**Capital accounts.** A capital account shall be maintained for each Partner in accordance with Treasury Regulation §1.704-1(b)(2)(iv), increased by contributions and allocable income and decreased by distributions and allocable loss. No Partner shall earn interest on any capital account balance.

**Additional contributions.** Additional capital contributions may be called only upon **unanimous** consent of the Partners. No Partner is obligated to make additional contributions beyond the amount stated above.

**IRC §704(c) property.** Built-in gain or loss on contributed property shall be allocated to the contributing Partner as required by IRC §704(c).

### **3. Management and Decision-Making**

**Equal management.** All 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 shall be made by any General Partner acting alone (RUPA §301).

**Reserved matters requiring unanimous consent.** The following actions require unanimous consent:

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 contracts in excess of **\$25,000.00**;
6. Settling material litigation;
7. Changing the Partnership's business purpose;
8. Calling additional capital; and
9. Changing the federal tax classification of the Partnership.

### **4. Profit and Loss Allocations; Distributions**

**Allocations.** Net profits and losses are allocated to the Partners in proportion to their Profit/Loss Share percentages.

**Distributions.** The Partnership shall distribute available cash from time to time, as the Partners determine, in proportion to Profit/Loss Share percentages after payment of expenses, debt service, and reserves.

**Guaranteed payments.** Any compensation paid to a Partner for services, determined without regard to income, shall be a guaranteed payment under IRC §707(c).

**Substantial economic effect.** Special allocations shall have substantial economic effect within Treas. Reg. §1.704-1(b)(2) or reflect the Partners' interests in the Partnership.

**⚠ Self-employment tax notice.** Each General Partner owes self-employment tax under IRC §1402(a) on the Partner's distributive share of ordinary income plus guaranteed payments (15.3% up to the Social Security wage base, plus 2.9% Medicare above, plus the 0.9% Additional Medicare Tax above applicable thresholds).

## 5. Banking, Books, and Records

**Bank account.** The Partnership shall maintain accounts at [PARTNERSHIP BANK FINANCIAL INSTITUTION NAME]. Withdrawals above **\$25,000.00** require the vote in Section 3.

**Books and records.** The Partnership shall keep complete and accurate books using the **Cash** method. The fiscal year ends on December 31.

**Audit rights.** Each Partner may inspect and copy all Partnership records at any reasonable time.

**Tax returns.** The Partnership shall timely file IRS Form 1065 and issue Schedule K-1 to each Partner by March 15 or as soon as practicable 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 ("PR"), having a substantial presence in the United States.

**Authority and accountability.** The PR has sole authority to act for the Partnership before the IRS under IRC §§6221–6241, including extending limitations, settling items, and making the push-out election under §6226. The PR shall obtain **unanimous** consent before accepting an imputed underpayment exceeding **\$25,000.00** or making a push-out election unless statutory deadlines make consent impracticable.

**Indemnification.** The Partnership shall indemnify the PR and any Designated Individual except for gross negligence, willful misconduct, or bad faith.

**Annual eligibility review.** The PR shall review BBA elect-out eligibility at the beginning of each taxable year and notify the Partners of any change.

## 7. Partner Withdrawal, Death, and Buy-Out

**Voluntary withdrawal.** A Partner may voluntarily withdraw upon **60** days' prior written notice. A Partner dissociating in breach of this Agreement is liable under RUPA §602.

**Death or incapacity.** The remaining Partners may purchase a deceased or permanently incapacitated Partner's interest within ninety (90) days at the valuation below. If not exercised, the estate holds an economic interest only.

**Buy-out valuation.** The purchase price shall be determined by an independent third-party appraiser jointly selected; failing agreement within 30 days, each side selects an appraiser and those two select a third, with the average of the three controlling.

**Payment terms.** The Partnership shall pay in equal monthly installments over **36** months with interest at the Applicable Federal Rate, or by lump sum at closing at the Partnership's election.

**Right of first refusal.** No Partner may transfer any part of the Partner's interest without first offering it to the Partnership and then to the other Partners pro rata on the same terms as a bona fide third-party offer, for 30 days.

## 8. Admission of New Partners; Dissolution

**Admission.** New Partners may be admitted only with **unanimous** consent and execution of a joinder.

**Dissolution triggers.** Dissolution occurs upon the earliest of: (a) unanimous vote; (b) expiration of the term, if any; (c) accomplishment or abandonment of the Purpose; (d) judicial dissolution; or (e) illegality of continuation.

**Winding up.** On dissolution, the Partnership shall liquidate assets, pay creditors in priority, repay capital accounts, and distribute residual in proportion to positive capital account balances.

## 9. Restrictive Covenants and Confidentiality

**Non-solicitation.** During tenure and for **18** months thereafter, no former Partner shall solicit the Partnership's employees, contractors, or material-contact clients.

**Confidentiality.** Each Partner shall hold all non-public Partnership information in strict confidence during and after tenure.

## 10. Liability Disclosure

**⚠ 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 a co-General Partner in the ordinary course. Partners seeking limited liability should consider converting to an LLC, LP, or LLP.

## 11. Dispute Resolution

**Mediation, then arbitration.** The Partners shall mediate in [VENUE CITY], [STATE] for 30 days; failing resolution, disputes proceed to binding AAA arbitration there. Injunctive relief may be sought in court.

## 12. General Provisions

**Governing law.** State of [STATE], without regard to conflicts rules.

**Amendment.** Only by written instrument signed by Partners meeting the unanimous threshold.

**Entire agreement; severability; binding effect; counterparts; electronic signatures; notices; headings; waiver.** Standard — this Agreement is the entire agreement on the subject; invalid provisions are reformed; binds heirs and successors; may be signed in counterparts including under ESIGN (15 U.S.C. §7001); notices in writing to Section 2 addresses; headings are for convenience; waiver only in writing.

## 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