

Professional or personal service partnership

PREVIEW

1. A professional or personal service partnership is a particular type of partnership that has as its purpose either the practice of a profession or the sale of personal services, as contrasted to the sale of tangible property.
2. A significant factor in the operation of this type of partnership is that partnership income is produced by personal services and generally there is no need for large contributions of capital other than for the purchase and maintenance of the items needed to serve the clientele of the partnership and of the individual partners. Similarly, professional partnerships are not likely to require a substantial inventory of any type.
3. Another major factor in a professional or personal service partnership is that of good will. As the partnership matures, the skill, reputation, and clientele ordinarily increase. Difficult problems concerning the valuation of the interest of a retiring, withdrawing, or deceased partner are apt to be present in this type of partnership.
4. Unless a particular provision is made, income generated by accounts receivable transferred to the partnership will be allocated to the partners in proportion to their partnership interests.

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PREVIEW

PARTNERSHIP AGREEMENT

NOTICE:

**THIS AGREEMENT, IS SUBJECT TO ARBITRATION
IN ACCORDANCE WITH TEXAS LAW.**

This Partnership Agreement is made and entered into on _____, by and between [name], and [name].

The partners are both engaged in providing personal services to the public.

The partners desire to create a partnership for conducting their personal service business.

In consideration of the mutual covenants contained in this agreement the parties agree as follows:

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1. NAME AND PURPOSE

1.1 The partnership shall be known as [name], and shall be established to provide [designate type of personal service] to the public.

2. PRINCIPAL PLACE OF BUSINESS

2.1 The principal place of business shall be [address]. The place of business may be changed at any time by consent of the partners.

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3. TERM

3.1 The partnership will commence on [date], and continue for a period of _____ years, continuing in _____ year periods thereafter until a notice of termination as required by this agreement is filed at least _____ months prior to expiration of a _____ year period by a partner.

4. RATIFICATION OF PRIOR BUSINESS

4.1 The partners ratify and accept the duties and benefits of all executory agreements entered into by each of them prior to the execution of this agreement. The partnership will complete all of these obligations, and all income therefrom will be the property of the partnership.

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5. CAPITAL CONTRIBUTIONS

5.1 The capitalization of the partnership shall equal:

[State the amounts to be contributed and the interest received]

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6. SERVICES

6.1 Each partner will devote his or her full time and skill to the activities of the partnership. Neither partner will engage in any outside activity of any nature, and any income earned by either partner shall be the income of the partnership.

7. SALARIES AND COMMISSIONS

7.1 Each partner will be entitled to receive a monthly salary of _____ Dollars (\$_____), payable on the _____ day of each month. Each partner will also be entitled to a commission of _____ percent (_____%) of the total customer contract value for each customer personal service contract that the partner secures for the partnership. Commissions shall be paid _____ days after the signing of the contract by the customer.

7.2 All money received for salaries and commissions will constitute business expense of the partnership and will be paid out of the partnership before distribution of profits or losses, and will not be considered in determining the partners' entitlement to distribution of profits or losses.

8. PROFITS AND LOSSES

8.1 At the close of each partnership fiscal year, a financial statement will be prepared reflecting the partnership annual net profits or losses. Each partner will receive a copy of the financial statement, and will have _____ days to request any desired corrections to it.

8.2 Annual profits will be distributed to the partners in direct proportion to their percentage interest in the partnership. Distribution will be made _____ days after the last day for corrective action on the financial statement has expired.

8.3 Annual losses will be assessed against the partners in direct proportion to their percentage interest in the partnership. The partners will contribute their share of the loss within _____ days or the partnership will debit partner's share of the capital. The partners shall subsequently reestablish the capital at the minimum level required by Section 5.

9. DUTIES OF PARTNERS

9.1 Each party will continuously engage in any activity necessary to obtain new business on behalf of partnership.

9.2 [State the duties].

10. LIMITATIONS ON DUTIES

10.1 Neither partner will obligate the partnership indirectly as a result of his or her own personal business dealings, or directly by assuming or discharging any liability for or to the partnership, without the prior written concurrence of the remaining partner.

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11. MANAGEMENT

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11.1 The establishment, implementation, and conduct of partnership business policy shall be the responsibility of both partners. There will be no regular partnership business meetings, but each partner will be responsible for obtaining the concurrence of the other partner before putting any new or changed policy or management decision into effect.

12. BOOKS AND ACCOUNTING

12.1 [Name] shall maintain a complete, current, and accurate set of books relating to all business receipts and expenditures. The books will be audited by an independent certified public accountant semiannually, on [month and day] and [month and day].

13. DISABILITY, EXPULSION, OR RESIGNATION

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13.1 The rights and interests of a partner shall be sold to the other partner if the former partner becomes totally and permanently disabled, desires to resign from the partnership for any reason, or is expelled from the partnership by the revocation of his or her license to perform any partnership services, by his or her acts or deeds against the best interests of the partnership or by his or her breach of this agreement.

13.2 The other partner will purchase the withdrawing partner's interest at a price to be determined by an independent appraiser. Nothing in this agreement will prevent the purchasing partner from selling the purchased interest to a third party and thereafter continuing the partnership business with the purchasing party as a new partner.

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14.1 On the death of either partner, the partnership shall be dissolved per the terms of this Agreement. The decedent partner's liability for partnership debts and expenses will be deducted from the value of his or her interest prior to distribution of the decedent's share of the partnership.

14.2 The decedent partner will not be liable for any expenses or debts incurred by the partnership or by the surviving partner subsequent to the date of his or her death.

15. INDEMNITY

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15.1 Each partner will indemnify the partnership and the other partner from any liability for that partner's personal debts or liabilities, and will hold the partnership and the other partner harmless thereon.

16. TRANSFERS OF INTEREST

16.1 Neither partner shall transfer, assign, or sell his or her respective interest in the partnership without the prior written consent of the other partner.

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17. PAYMENT FOR INTEREST

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17.1 On the purchase of partner's interest in the partnership by the remaining partner, after the resignation, expulsion, or death of the former partner, a valuation of the partner's interest will be made, based on an appraisal by an independent third party. The purchasing partner shall pay either the selling partner or the decedent partner's estate _____ percent (_____%) of the appraised value per year for _____ years, plus _____ percent (_____%) interest thereon.

18. NEW PARTNER

18.1 The admission of any new partner will require the consent of all existing partners at that time, and the existing partners shall determine the contribution requirements and percentage interest in the partnership of the new partner. The percentage interest of existing partners will be reduced proportionately.

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18.2 A new partner must consent to be bound by and sign this agreement prior to his or her admission as a partner.

19. REMEDY FOR BREACH

19.1 The remedy for a breach of this agreement shall be the required sale of the interest in the partnership of the responsible party to the other party as provided in this Agreement.

20. TERMINATION

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20.1 The partnership may be terminated by agreement of the partners at any time on _____ days' notice to creditors and customers of the intention to terminate.

20.2 All current business will be completed or transferred to any firm that customer elects. Assets of the partnership will be liquidated to pay all debts and expenses, and the debts and expenses will be settled within _____ days after issuance of the notice of termination.

20.3 The balance of the proceeds of the liquidation will be distributed to the partners on a proportionate basis.

21. ARBITRATION

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21.1 All disputed matters will be submitted to [name of arbitrator], of [address], who shall act as arbitrator for the partnership. The partners will be bound by the decision of the arbitrator.

22. CONSTRUCTION

22.1 The provisions of this agreement shall be interpreted and construed in accordance with Texas law and the provisions thereof governing the conduct of the personal services being rendered by the partnership.

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23.1 Any notice required by this agreement or by provisions of the Texas law will be delivered to the party to be notified in person, or will be mailed to that partner, postage prepaid, at his or her last known address.

24. EFFECT OF AGREEMENT

24.1 This agreement shall bind and be for the benefit of the parties to the agreement as well as their respective representatives, executives, administrators, or successors.

Signed on _____.

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Partner

Partner

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THANK YOU

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