

PARTNERSHIP BUYOUT AGREEMENT

This Partnership Buyout Agreement ("Agreement"), dated this _____, is made by and between _____ ("Buyer"), with a mailing address of _____, and _____ ("Seller"), with a mailing address of _____. Buyer and Seller are collectively referred to as the "Parties."

WHEREAS, Seller owns the Seller's entire _____ partnership interest in _____, a _____ partnership (the "Partnership"), representing _____% of partnership _____, which interest is referred to herein as the Seller's "Interest";

WHEREAS, Seller wishes to sell to Buyer, and Buyer wishes to purchase from Seller, the Interest, subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. **PURCHASE AND SALE.** For the consideration specified under Section 4 of this Agreement, Seller shall sell to Buyer, and Buyer shall purchase from Seller, all of Seller's right, title, and interest in and to the Interest, free and clear of any mortgage, pledge, lien, charge, security interest, claim, or other encumbrance, except for any such encumbrance stated here: _____.

2. **CONTINUATION OF THE PARTNERSHIP.** The remaining partner(s) elect to continue the Partnership and its business following the transfer of the Interest. This Agreement effects a buyout of Seller's Interest and is not intended to dissolve or wind up the Partnership.

3. **CLOSING.** The purchase and sale of the Interest and any related transactions contemplated by this Agreement shall take place on _____[DATE] ("Closing Date"). Closing is conditioned on the following: the written consent of partners holding at least _____% of partnership interests, attached as Exhibit _____; and _____.

4. **PURCHASE PRICE.** The purchase price for the Interest shall be as follows: (check one)

- ☐ – **Fixed Amount.** Buyer agrees to pay a fixed price of \$_____.
- ☐ – **Appraised Value.** Buyer agrees to pay the fair market value of the Interest, as determined by an appraiser jointly selected by the Parties, who shall perform a valuation on _____. All such appraisal costs will be borne _____.

☐ – **Formula.** Buyer agrees to pay an amount calculated as follows:
_____ determined as of
_____.

☐ – **Other.** Buyer agrees to pay as follows:
_____.

The valuation ☐ shall ☐ shall not apply discounts for minority interest or lack of marketability.

5. **PAYMENT.** Buyer shall pay the above-described purchase price for the Interest (hereafter, the “Purchase Price”) to Seller in the following manner:

☐ – **Lump Sum.** The full Purchase Price shall be paid on the Closing Date.

☐ – **Installments.** The Purchase Price shall be paid in installments, the first of which shall be due on _____, in the amount of \$_____. The remaining installments shall be subject to the following schedule:

☐ – **Weekly Intervals.** Buyer shall pay and deliver any subsequent installments every week, with the final payment due on _____.

☐ – **Monthly Intervals.** Buyer shall pay and deliver any subsequent installments every month, with the final payment due on _____.

☐ – **Yearly Intervals.** Buyer shall pay and deliver any subsequent installments every year, with the final payment due on _____.

☐ – **Other Intervals.** Buyer shall pay and deliver any subsequent installments as follows: _____. The final payment shall be due on _____.

☐ – **Specific Dates.** Buyer shall pay and deliver subsequent installments on the following dates: _____.

Buyer hereby agrees that interest shall accrue on any unpaid balance at _____ % per annum.

☐ – **Other.** _____

Buyer shall deliver any payments toward the Purchase Price using the following methods of payment: *(check all that apply)*

☐ – Bank Wire

☐ – Cash

☐ – Cashier's Check

☐ – Other: _____

6. CAPITAL ACCOUNT TRUE-UP. Seller's capital account balance as of the Valuation Date is \$_____. The Purchase Price ☐ includes ☐ is in addition to the return of that balance. Profits and losses shall be allocated to Seller through the Closing Date.

7. TAX CLASSIFICATION (IRC § 736). The Parties classify the payments as follows for tax purposes: \$_____ as payments for Seller's interest in partnership property under IRC § 736(b), and \$_____ as ☐ guaranteed payments ☐ a distributive share under IRC § 736(a). The Partnership ☐ shall ☐ shall not make an election under IRC § 754.

8. DISSOCIATION AND CREDITOR NOTICE. Within _____ days after Closing, the Partnership shall ☐ file a statement of dissociation with _____ ☐ deliver written notice of Seller's withdrawal to the creditors and regular counterparties listed on Schedule _____, to terminate Seller's apparent authority and limit post-Closing liability.

9. REPRESENTATIONS AND WARRANTIES OF SELLER. Seller hereby represents and warrants to the Buyer that all the following statements are true and correct:

- i. Seller has full power, authority, and capacity to enter into this Agreement and any documents to be delivered pursuant to this Agreement;
- ii. Seller has full power and authority to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery, and performance of this Agreement by the Seller does not, and the consummation of the transaction contemplated hereby will not, result in a breach of or default under any agreement to which the Seller is a party or by which the Seller is bound;
- iii. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by Seller, and, assuming due authorization, execution, and delivery by Buyer, this Agreement and the documents to be delivered hereunder constitute legal, valid, and binding obligations of Seller, enforceable against Seller in accordance with their respective terms;
- iv. There is no claim, action, suit, proceeding, or governmental investigation of any nature pending or, to Seller's knowledge, threatened against or by Seller relating to or affecting the Interest or that challenges or seeks to prevent, enjoin, or otherwise delay the transactions contemplated by this Agreement. No event has occurred, nor do circumstances exist, that may give rise to, or serve as a basis for, any such action; and
- v. Seller is the sole legal, beneficial, record, and equitable owner of the Interest, free and clear of all encumbrances whatsoever, unless any encumbrances have otherwise been disclosed in this Agreement.

10. REPRESENTATIONS AND WARRANTIES OF BUYER. Buyer hereby represents and warrants to the Seller that all the following statements are true and correct:

- i. Buyer has full power, authority, and capacity to enter into this Agreement and any documents to be delivered pursuant to this Agreement;
- ii. Buyer has full power and authority to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery, and performance of this Agreement by the Buyer does not, and the consummation of the transaction contemplated hereby will not, result in a breach of or default under any agreement to which the Buyer is a party or by which the Buyer is bound; and
- iii. Buyer has, or has access to, funds sufficient to pay the Purchase Price as required under this Agreement.

11. INDEMNIFICATION BY SELLER. Subject to the other terms and conditions of this Agreement, Seller shall defend, indemnify, and hold harmless the Buyer from and against all claims, judgments, damages, liabilities, settlements, losses, costs, and expenses, including attorneys' fees and disbursements, arising from or relating to any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement or any document to be delivered hereunder, and any such loss arising from or relating to any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Seller pursuant to this Agreement or any document to be delivered hereunder.

12. INDEMNIFICATION BY BUYER. Subject to the other terms and conditions of this Agreement, Buyer shall defend, indemnify, and hold harmless Seller from and against all claims, judgments, damages, liabilities, settlements, losses, costs, and expenses, including attorneys' fees and disbursements, arising from or relating to any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement or any document to be delivered hereunder, or any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Buyer pursuant to this Agreement or any document to be delivered hereunder.

13. NON-COMPETE AND NON-SOLICITATION. As part of this Agreement, there shall be:

☐ – **Non-Compete and Non-Solicitation Restrictions.** A portion of the Purchase Price serves as consideration for the following covenant. Seller acknowledges possessing proprietary information, including trade secrets, whose use in competition could harm the Partnership's business after the sale. Seller therefore agrees not to compete, on the following terms:

a.) Scope. In the specific business or practice of:

b.) Term. For a period of _____ after the Closing Date.

c.) Geographic Area. Within: _____.

If a court finds any part of this covenant overbroad in scope, term, or geographic area, it shall be enforced to the maximum extent the law allows rather than voided. For the term described above, Seller also shall not solicit, for a competing purpose, any customer of the Partnership served during the _____ months before the Closing Date, and shall not solicit or hire any employee or contractor of the Partnership.

☐ – **No Non-Compete or Non-Solicitation Restrictions.** Seller shall not be restricted from engaging in the same or a similar business, or from soliciting or hiring the Partnership's customers, employees, or contractors.

14. **RELEASE.** Effective upon the transfer of the Interest and Seller's receipt of all amounts then due at Closing, Seller releases and waives all claims, rights, and interests in and to the Interest, and acknowledges that Seller shall have no further rights or claims to the Interest. Each Party releases the other from all claims arising from their shared ownership of, or relationship to, the Partnership prior to Closing, except for obligations created by this Agreement and claims arising from fraud.

15. **SELLER'S CLOSING DELIVERIES.** At the Closing Date, Seller shall deliver to Buyer: an executed Assignment of Partnership Interest in the form attached as Exhibit _____, together with any required amendment to the partnership agreement and to any certificate of limited partnership on file. Seller shall also deliver written resignations from all officer, director, manager, and employee positions Seller holds with the Partnership, effective as of the Closing Date. Seller shall additionally deliver:

_____.

16. **BUYER'S CLOSING DELIVERIES.** At the Closing Date, Buyer shall deliver to Seller the following: _____.

17. **LIABILITIES.** The Buyer agrees to assume: (check one)

☐ – **No Liabilities.** The Buyer assumes no debts, obligations, or liabilities of the Seller relating to the Interest, whether known or unknown, except as expressly stated in this Agreement.

☐ – **Some Liabilities.** The Buyer agrees to assume the following liability(ies):
(check all that apply)

- ☐ – Accounts payable
- ☐ – Past and current business expenses
- ☐ – Contractual obligations of the business
- ☐ – Leasehold interests
- ☐ – Legal liabilities and pending claims
- ☐ – Past and current taxes owed by the business
- ☐ – Payroll owed to past and current employees, independent contractors, and agents
- ☐ – Other: _____

All liabilities not expressly assumed by the Buyer remain the sole responsibility of the Seller.

18. **ENTIRE AGREEMENT.** This Agreement and the documents to be delivered hereunder constitute the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

19. **SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns. Neither Party may assign its rights or obligations hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning Party of any of its obligations hereunder.

20. **AMENDMENT AND MODIFICATION.** This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each Party.

21. **GOVERNING LAW.** This Agreement shall be construed, interpreted, and enforced in accordance with, and shall be governed by, the laws in the State of _____ without reference to, and regardless of, any applicable choice or conflicts of laws principles.

22. **SEVERABILITY.** In the event any provision or part of this Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire Agreement, will be inoperative.

23. **COUNTERPARTS.** This Agreement may be executed in any number of counterparts and by the several parties hereto in separate counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same Agreement.

24. **ADDITIONAL TERMS AND CONDITIONS.**

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above.

Buyer Signature: _____ **Date:** _____
Print Name: _____

Seller Signature: _____ **Date:** _____
Print Name: _____