

PARTNERSHIP DISSOLUTION AGREEMENT

1. **THE PARTIES.** This Partnership Dissolution Agreement ("Agreement") is entered into on _____ ("Effective Date") by and among the undersigned partners of the following partnership:

a.) Entity Name: _____, a _____ formed under the laws of the State of _____ with a principal place of business at _____ ("Partnership").

b.) Type: The Partnership is structured as a: *(check one)*

☐ - **General Partnership (GP).**

☐ - **Limited Partnership (LP).**

☐ - **Limited Liability Partnership (LLP).**

☐ - **Limited Liability Limited Partnership (LLLP).**

c.) Prior Agreement: The Partnership operates under a partnership agreement dated _____ (the "Partnership Agreement"), the terms of which are superseded by this Agreement to the extent of any conflict regarding the Partnership's dissolution and winding up.

d.) Partners: The Partnership is comprised of the following Partners, each individually a "Partner" and collectively the "Partners":

Partner 1: _____ with a mailing address of _____, holding a ____% ownership interest in the Partnership, designated as a _____.

Partner 2: _____ with a mailing address of _____, holding a ____% ownership interest in the Partnership, designated as a _____.

Partner 3: _____ with a mailing address of _____, holding a ____% ownership interest in the Partnership, designated as a _____.

2. **DISSOLUTION.** The Partners agree as follows:

a.) Agreement to Dissolve: The Partners agree to voluntarily wind up and dissolve the Partnership effective as of _____ (the "Dissolution Date"), in accordance with the Partnership Agreement, if any, and the partnership laws of the state having jurisdiction over the Partnership ("Governing Law").

b.) Reason for Dissolution: The dissolution of the Partnership is being made pursuant to: *(check one)*

☐ - **Mutual Agreement** – the unanimous agreement of the Partners to cease Partnership business.

☐ - **Expiration of Term** – the expiration of the term or completion of the undertaking for which the Partnership was formed.

☐ - **Withdrawal or Dissociation** – the withdrawal, dissociation, incapacity, or death of a Partner resulting in fewer than the minimum number of Partners required to continue the Partnership.

☐ - **Court Order** – an order of a court of competent jurisdiction.

☐ - **Other** – _____

c.) Statement of Dissolution: The Partners: *(check one)*

☐ - **Will File** – the Partnership shall file a Statement of Dissolution, or other equivalent notice, with the Secretary of State or other applicable state filing office, to the extent required or permitted by applicable law.

☐ - **Will Not File** – the Partners have determined that no state filing is required to formally dissolve the Partnership.

d.) Continued Existence for Winding Up: The Partnership shall continue in existence after the Dissolution Date solely for the purpose of winding up its business as described in this Agreement, and not for the purpose of continuing the business for which the Partnership was formed.

e.) Limitation of Authority: Except as necessary to wind up the Partnership's affairs as provided in this Agreement, no Partner shall have any authority to enter into any new transaction on behalf of the Partnership after the Dissolution Date unless all of the Partners consent to the transaction in writing.

3. **WINDING UP OF PARTNERSHIP AFFAIRS.** The Partners agree as follows:

a.) Responsible Partner(s): The winding up of the Partnership's business and affairs shall be conducted by: *(check one)*

☐ - **All Partners**, acting jointly.

☐ - **Specific Partner(s)** – the following Partner(s):

_____ (the
"Winding-Up Partner(s)").

- b.) Authority: The Winding-Up Partner(s) shall have full power and authority to take all actions reasonably necessary to wind up and complete the Partnership's unfinished business, including collecting and preserving Partnership assets, paying or providing for Partnership liabilities, prosecuting and defending actions on behalf of the Partnership, and distributing remaining assets, in accordance with this Agreement and applicable law.
- c.) Timeline: The Winding-Up Partner(s) shall use commercially reasonable efforts to complete the winding up of the Partnership within ____ days of the Dissolution Date, or such other period as the Partners may agree in writing.

4. NOTICE TO CREDITORS AND THIRD PARTIES. The Partners agree as follows:

- a.) Notice: The Winding-Up Partner(s) shall provide notice of the Partnership's dissolution to all known creditors, claimants, and other third parties with whom the Partnership has done business, in the manner and within the time required by applicable state law.
- b.) Effect of Notice: Providing notice under this Section is intended to limit the Partnership's and the Partners' liability for the acts of any Partner purporting to act on behalf of the Partnership after the Dissolution Date, to the fullest extent permitted by applicable law.
- c.) Licenses and Accounts: The Winding-Up Partner(s) shall take commercially reasonable steps to cancel or transfer, as appropriate, the Partnership's business licenses, permits, registered trade names, and bank and financial accounts in connection with the winding up of the Partnership.

5. SETTLEMENT OF LIABILITIES. Upon the winding up of the Partnership, the assets of the Partnership shall be applied and distributed in the following order of priority, unless otherwise required by applicable law:

- a.) first, to pay or make reasonable provision for all debts, liabilities, and obligations of the Partnership owed to creditors, including any Partner who is a creditor of the Partnership, other than for distributions owed to Partners under this Agreement;
- b.) second, to any reserve established in the reasonable judgment of the Partners for contingent or unliquidated liabilities or obligations of the Partnership, which reserve may be delivered to an escrow agent to be held for disbursement in satisfaction of those liabilities and obligations, with any amount remaining after all such liabilities and obligations have been satisfied or have lapsed to be distributed as provided below;
- c.) third, to repay any outstanding capital contributions owed to the Partners; and

- d.) fourth, to distribute any remaining surplus to the Partners in accordance with Section 6 of this Agreement.
- e.) Deficiency: If the Partnership's assets are insufficient to satisfy its debts, liabilities, and obligations in full, each Partner shall contribute the amount necessary to satisfy such deficiency in proportion to that Partner's share of Partnership profits, unless the Partners agree otherwise in writing or applicable law provides a different result. Nothing in this Section limits any Partner's right of contribution against any other Partner.
- f.) Negative Capital Accounts: If, upon the final distribution of the Partnership's remaining assets, a Partner designated as a General Partner under Section 1 has a negative balance in the Partner's capital account, that General Partner shall contribute to the Partnership the amount necessary to eliminate the deficit. If a General Partner fails to make all or part of the required contribution, the remaining General Partners shall be jointly and severally obligated to contribute the amount necessary to eliminate the defaulting General Partner's deficit, except that, as between the General Partners, each General Partner shall be responsible only for a proportionate share of that obligation equal to the General Partner's proportionate interest in the Partnership's capital owned by all of the General Partners obligated to make the contribution. No Partner designated as a Limited Partner under Section 1 shall have any obligation to eliminate a negative balance in the Limited Partner's capital account. This Section applies only to the extent the Partnership has one or more Partners designated as General Partners and one or more Partners designated as Limited Partners.

6. DISTRIBUTION OF ASSETS. The Partners agree as follows:

- a.) Method: The remaining assets of the Partnership, if any, after satisfaction of Section 5 above, shall be distributed to the Partners as follows: *(check one)*
- ☐ - **Liquidation** – the Partnership's remaining assets shall be sold or otherwise liquidated, and the net proceeds distributed in cash to the Partners in proportion to each Partner's ownership interest in the Partnership.
 - ☐ - **In-Kind Distribution** – the Partnership's remaining assets shall be distributed in kind to the Partners as described below, valued as of the Dissolution Date, with any resulting inequities among the Partners adjusted by an offsetting cash payment.
- b.) Description of In-Kind Assets:
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7. PARTNERSHIP NAME, GOODWILL, AND INTELLECTUAL PROPERTY. Upon dissolution, the Partnership's trade name, trademarks, goodwill, domain names, social media accounts, and other intellectual property associated with the Partnership shall be: *(check one)*

☐ - **Assigned** to _____.

☐ - **Sold** to a third party, with net proceeds distributed as part of the Partnership's assets under Section 6.

☐ - **Discontinued** and no longer used by any Partner following the Dissolution Date.

8. ACCOUNTING. Each Partner represents and warrants to each of the other Partners that the Partner has provided a full and final accounting of all matters relating to the Partnership known to the Partner. If any matter relating to the Partnership is discovered to be unaccounted for after the Dissolution Date, the Partner responsible for the omission shall provide the other Partners with a supplemental accounting of that matter.

9. RELEASE OF CLAIMS. Except for the obligations expressly set forth in this Agreement, and except for any claim arising from a Partner's fraud, gross negligence, or willful misconduct, each Partner, on behalf of themselves and their respective heirs, successors, and assigns, releases and forever discharges each other Partner and the Partnership from any and all claims, demands, and causes of action, known or unknown, arising out of or relating to the Partnership or its business, up to and including the Dissolution Date.

10. INDEMNIFICATION. Each Partner shall indemnify and hold harmless the other Partners and the Partnership from and against any claims, losses, or liabilities arising out of that Partner's breach of this Agreement, fraud, gross negligence, or willful misconduct. This Section does not limit any right of contribution among the Partners under Section 5.

11. TAX MATTERS. The Partners agree as follows:

a.) Final Return: The Partnership shall file a final federal partnership tax return, marked as a final return, and shall furnish each Partner a final Schedule K-1 reflecting that Partner's share of income, gain, loss, deduction, and credit through the Dissolution Date, in accordance with the Internal Revenue Code and applicable state tax law.

b.) Responsibility: The preparation and filing of the Partnership's final tax returns, and the cancellation of the Partnership's Employer Identification Number, shall be the responsibility of _____.

c.) Allocation: Any tax liability arising from the winding up and dissolution of the Partnership shall be allocated among the Partners in proportion to each

Partner's ownership interest in the Partnership, unless otherwise agreed in writing.

12. NON-COMPETE AND NON-SOLICITATION. The Partners agree as follows:

a.) Election: The Partners: *(check one)*

☐ - **Agree** to the non-compete and non-solicitation restrictions described below.

☐ - **Do Not Agree** to any non-compete or non-solicitation restrictions in connection with this dissolution.

b.) Restrictions: If elected above, for a period of _____ following the Dissolution Date, and within _____, no Partner shall, directly or indirectly, (i) engage in a business substantially similar to and competitive with the business conducted by the Partnership, or (ii) solicit the Partnership's employees, customers, or clients for a competing business, except to the extent such a restriction is not enforceable under applicable law. If any restriction in this Section is found unenforceable in any jurisdiction, it shall be reformed to the maximum scope enforceable under applicable law in that jurisdiction.

13. FURTHER ASSURANCES. Each Partner agrees to execute and deliver any additional documents and instruments, and to take any further actions, as may be reasonably necessary to carry out the purposes and intent of this Agreement.

14. NOTICES. All notices required or permitted under this Agreement shall be in writing and delivered by personal delivery, email, or certified mail to a Partner at the address listed in Section 1, or such other address as a Partner designates in writing. Notice is effective upon receipt or five (5) days after mailing, whichever occurs first.

15. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of _____ ("Governing Law"), without regard to its conflict of laws principles.

16. SEVERABILITY. If any provision of this Agreement is found to be invalid or unenforceable, that provision shall be limited or eliminated to the minimum extent necessary, and the remaining provisions of this Agreement shall remain in full force and effect.

17. DISPUTE RESOLUTION. The Partners agree to attempt to resolve any dispute arising out of this Agreement through good-faith negotiation. If the dispute is not resolved through negotiation within ninety (90) days, the Partners shall submit the dispute to mediation in accordance with the rules of the Governing Law. If mediation is unsuccessful, any remaining dispute shall be resolved by binding arbitration under the

rules of the American Arbitration Association, and judgment on the arbitration award may be entered in any court of competent jurisdiction.

18. LITIGATION EXPENSES. If a Partner defaults under this Agreement, the defaulting Partner shall reimburse the non-defaulting Partners for all costs and expenses reasonably incurred by the non-defaulting Partners in connection with the default, including reasonable attorneys' fees. If a suit, action, or arbitration is brought to enforce this Agreement, the prevailing party shall be entitled to reimbursement from the other party or parties for all costs and expenses reasonably incurred in connection with the suit, action, or arbitration, including reasonable attorneys' fees, at the trial level, in arbitration, and on appeal.

19. WAIVER. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Partner making the waiver.

20. BINDING EFFECT. This Agreement shall be binding upon and shall inure to the benefit of the Partners and their respective heirs, successors, and permitted assigns.

21. ADDITIONAL TERMS. _____

22. ENTIRE AGREEMENT. This Agreement, together with any documents referenced herein, constitutes the entire agreement among the Partners with respect to the dissolution and winding up of the Partnership, and supersedes all prior agreements and understandings, whether written or oral, with respect to such subject matter. This Agreement may not be amended except by a written instrument signed by all Partners.

IN WITNESS WHEREOF, the Partners have executed this Agreement as of the Effective Date first written above.

Partner 1's Signature: _____

Date: _____

Print Name: _____

Partner 2's Signature: _____

Date: _____

Print Name: _____

Partner 3's Signature: _____

Date: _____

Print Name: _____