

amend the Partnership agreement as needed to comply with the terms and conditions herein:

ARTICLE I

Each Partner agrees that upon his or her death all of the interest of the Partnership then owned by him or her shall be sold to the surviving Partners under the terms and conditions set forth in this agreement, and the surviving Partners agree so to buy. The interest to be purchased by each surviving Partner shall be in the same ratio that the interest owned by each surviving Partner bears to the total interest owned by all the surviving Partners.

ARTICLE II

Each Partner agrees that he or she shall not sell, assign, encumber, or otherwise dispose of any interest in the Partnership now owned or hereafter acquired by him or her except as specifically provided in this agreement. The Partners agree to endorse the certificates of Partnership interest held by them as follows:

“The sale or transfer of this interest is subject to an agreement between (name of Partner), (name of Partner), and (name of Partner), the Partners of the (name of Partnership), and the Partnership itself dated the (day) of (month), (year). A copy of this agreement is filed in the Partnership office.”

Any Partner wishing to dispose of his or her interest during lifetime shall first offer to sell to the other Partners for the value as determined in Article III. Each purchasing Partner shall have the right to purchase the interest in same the ratio as stated in Article I. If a Partner does not purchase the interest allotted to him or her, the remaining Partners may purchase that interest in a similar ratio. If the offer to sell has not been accepted within _____ days, then the offering Partner may dispose of his or her interest without regard to this agreement, subject to the law of the State of (name).

ARTICLE III

The current value of each interest as determined by the Partners is \$ _____. Within sixty (60) days after the end of the fiscal year, the Partners shall redetermine the value of each interest and the value shall be endorsed on Exhibit A attached to this agreement. The endorsement shall be in the following form:

“The value of each interest in (name of Partnership) for fiscal year ending (year) for purposes of the partnership purchase agreement dated (month) (day), (year) shall be \$ _____.” [or specify differing values if Partners’ interests are unequal]

If a redetermination has not been endorsed on Exhibit A for a particular fiscal year, the last determined value shall prevail. However, in no event shall the value of the deceased Partner’s interest be less than the proceeds of life insurance purchased on his or her life

by the surviving Partners under this agreement. It is the intent of the parties that the value of a Partner's interest as determined by this agreement shall include good will.

ARTICLE IV

(Optional paragraph for use in sales between related parties.) The value stated in Article III. above has been determined with the assistance of a certified appraiser, whose credentials and report are attached to and made part of this agreement as Exhibit B. The appraiser has been instructed to establish the fair market value of the shares in an arm's-length business transaction between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell.

ARTICLE V

Each Partner has procured as owner and beneficiary a life insurance policy on the life of each other Partner in the amounts shown on Exhibit C of this agreement. All policies purchased in accordance with this agreement, including any policies purchased subsequent to the date of this agreement, shall be listed on Exhibit C attached to this agreement.

ARTICLE VI

Each Partner hereby authorizes the Partnership to pay the planned premiums on the policies owned by him or her and made subject to this agreement as such premiums become due, and to charge his or her salary or other account for such premiums. In any case, if any premium is not paid within twenty (20) days after its due date, the insured shall be entitled to pay such premium as agent of the owner, and the owner agrees to reimburse him or her promptly for any such payment. The insurance company is hereby authorized and directed to give the insured, upon his or her written request, any information about the status of any policy on his or her life subject to this agreement.

ARTICLE VII

Each Partner shall retain ownership of the policies procured by him or her on the life of any other Partner. He or she may not, however, exercise any of the policy rights (without first having given the insured thereunder thirty (30) days written notice of the contemplated exercise, unless he or she has obtained from the insured a written waiver of such notice). This agreement shall extend to and include all additional life insurance policies issued pursuant to this agreement, such additional policies to be listed in Exhibit C attached to and made a part of this agreement.

ARTICLE VIII

The owner shall not execute any loans against, make withdrawals from, impair or in any manner encumber such policies without the prior written consent of all Partners;

however, the owner may exercise any dividend options or rights as provided by the policies.

ARTICLE IX

It is the intent of the Partners that the proceeds of the life insurance policies listed in Exhibit C shall be used to purchase a deceased Partner's interest in the Partnership. In the event that the value of the deceased Partner's interest exceeds the proceeds of the life insurance, the surviving Partners shall have the right of paying the excess either in one sum or by executing and delivering a negotiable promissory note for the balance. Said note shall be payable in installments, for a term not to exceed _____ years, the first installment being due and payable _____ months after the death of the Partner. This note shall bear interest at the rate of _____% per year on the unpaid balance. The purchaser shall have the right to prepay the note in full without penalty. The purchaser shall pledge with the legal representative of the deceased Partner all of the deceased Partner's interest as security for the payment of any note; however, the purchaser shall have the privilege of exercising all rights of ownership in such Partnership interest prior to default in payment of any installment on the note or any interest due on such note.

ARTICLE X

The surviving Partners shall have the right to purchase from the estate of the deceased Partner any or all of the policies owned by the decedent upon the survivors' lives subject to this agreement by paying for each an amount equal to the fair market value of such policy. If this right is not exercised within _____ months, the owner may dispose of the policies at his or her discretion.

In the event that this agreement is terminated by some means other than the death of a Partner, each Partner shall have an option exercisable within thirty (30) days after such termination to purchase any or all policies on his or her life for a price equal to the fair market value of the policy.

ARTICLE XI

This agreement shall terminate upon the written agreement of the Partners, or the dissolution, bankruptcy or insolvency of the Partnership, or the death of the Partners simultaneously or within a period of _____ days.

ARTICLE XII

All Exhibits referred to in this agreement and attached to this agreement are incorporated in this agreement by reference.

ARTICLE XIII

This agreement shall be binding not only upon the parties to it, but also upon their heirs, executors, administrators, successors and assigns, and the parties to this agreement agree for themselves and their heirs, executors, administrators, successors and assigns to execute any instruments in writing which may be necessary or proper in fulfilling in good faith the purpose and intent of this agreement.

ARTICLE XIV

The law of the State of (name) shall govern this agreement.

ARTICLE XV

This agreement represents the final and entire agreement between the parties, and supersedes all prior or contemporaneous agreements, express or implied, written or unwritten.

ARTICLE XVI

If any part or portion of this agreement is held to be invalid or otherwise unenforceable, the remainder shall have force and effect to the full extent permitted by law.

IN WITNESS WHEREOF, the Partners and the Partnership have set their hands and seals unto this agreement on the date first above written, in (locality), County of (name), State of (name).

(typed name of Partner)

(typed name of Partner)

(typed name of Partner)

(Name of Partnership)

BY: _____
(typed name of Managing Partner)

(typed name of witness)

(typed name of witness)

Copyright © 2004, Pentera Group, Inc., 5546 Shorewood Drive, Indianapolis, Indiana 46220. All rights reserved.

This service is designed to provide accurate and authoritative information in regard to the subject matter covered. It is provided with the understanding that neither the publisher nor any distributor is engaged in rendering legal, accounting, tax, investment, or other professional advice. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

While the publisher has been diligent in attempting to provide accurate information, the accuracy of the information cannot be guaranteed. Laws and regulations change frequently, and are subject to differing legal interpretations. Accordingly, neither the publisher nor any distributor of this service shall be liable for any loss or damage caused or alleged to have been caused by the use of or reliance upon this service.