

# PARTNERSHIP SEPARATION AND CAPITAL BUYOUT AGREEMENT

This Partnership Separation and Capital Buyout Agreement (the "Agreement") is entered into and made effective as of \_\_\_\_\_, 20\_\_\_\_\_, by and among the following parties:

**Retiring Partner:** \_\_\_\_\_, residing at \_\_\_\_\_.

**Remaining Partner(s):** \_\_\_\_\_, residing at \_\_\_\_\_, and \_\_\_\_\_, residing at \_\_\_\_\_.

**Partnership:** \_\_\_\_\_, a partnership organized under the laws of the State of \_\_\_\_\_, with its principal place of business at \_\_\_\_\_.

## RECITALS

WHEREAS, the Partners entered into a Partnership Agreement dated \_\_\_\_\_, 20\_\_\_\_\_, (the "Partnership Agreement"); and

WHEREAS, the Retiring Partner has decided to retire and withdraw from the Partnership, and the Remaining Partner(s) desire to continue the business of the Partnership; and

WHEREAS, the Partners desire to mutually agree upon the terms of the retirement of the Retiring Partner, the buyout of the Retiring Partner's capital interest, and the release of liabilities as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions herein contained, the parties agree as follows:

## 1. WITHDRAWAL AND RETIREMENT

The Retiring Partner hereby withdraws and retires from the Partnership effective as of 11:59 PM on \_\_\_\_\_, 20\_\_\_\_\_ (the "Effective Date"). As of the Effective Date, the Retiring Partner shall cease to be a partner, shall have no authority to act on behalf of the Partnership, and shall no longer participate in the management, profits, losses, or distributions of the Partnership, except as expressly provided in this Agreement.

## 2. BUYOUT OF CAPITAL INTEREST AND PURCHASE PRICE

The Remaining Partner(s) agree to purchase, and the Retiring Partner agrees to sell, all of the Retiring Partner's right, title, and interest in the capital, profits, and assets of the Partnership. The total purchase price for the Retiring Partner's interest is \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (the "Purchase Price").

The Purchase Price shall be paid as follows:

- a. **Initial Payment:** The sum of \$\_\_\_\_\_ shall be paid to the Retiring Partner on or before \_\_\_\_\_, 20\_\_\_\_\_.
- b. **Balance Payment:** The remaining balance of \$\_\_\_\_\_ shall be paid in installments of \$\_\_\_\_\_, payable on the \_\_\_\_\_ day of each consecutive month, commencing on \_\_\_\_\_, 20\_\_\_\_\_, until fully paid.

## 3. REPRESENTATIONS AND WARRANTIES

The Retiring Partner represents and warrants that they are the sole owner of their partnership interest, free and clear of all liens, encumbrances, or third-party claims, and that they have the full legal right and authority to enter into this Agreement and transfer their

interest to the Remaining Partner(s).

The Remaining Partner(s) represent and warrant that the Partnership shall continue to operate and that they have the legal authority to bind the Partnership to the obligations set forth in this Agreement.

**4. RELEASE OF LIABILITY AND INDEMNIFICATION**

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Subject to the payment of the Purchase Price, the Retiring Partner, on behalf of themselves and their heirs, hereby releases and discharges the Remaining Partner(s) and the Partnership from any and all claims, liabilities, demands, or causes of action arising out of the Partnership Agreement or the operations of the Partnership.

The Remaining Partner(s) and the Partnership hereby agree to indemnify, defend, and hold harmless the Retiring Partner from any and all liabilities, debts, obligations, or claims of the Partnership arising after the Effective Date.

**5. CONFIDENTIALITY AND NON-COMPETE**

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The Retiring Partner agrees to keep all proprietary and confidential business information of the Partnership strictly confidential. Furthermore, the Retiring Partner agrees that for a period of \_\_\_\_\_ years following the Effective Date, they will not directly or indirectly engage in, own, or assist any business that competes with the Partnership within a \_\_\_\_\_ mile radius of the Partnership's principal place of business.

**6. GOVERNING LAW AND DISPUTES**

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This Agreement shall be construed, interpreted, and governed by the laws of the State of \_\_\_\_\_, without regard to its conflict of law principles. Any dispute arising out of or in connection with this Agreement shall be resolved through binding arbitration in \_\_\_\_\_, in accordance with the rules of the American Arbitration Association.

**7. ENTIRE AGREEMENT**

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This Agreement constitutes the entire understanding and agreement between the parties concerning the subject matter hereof and supersedes all prior agreements, representations, or understandings, written or oral, between the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Partnership Separation and Capital Buyout Agreement on the dates set forth below.

**RETIRING PARTNER:**

**REMAINING PARTNER:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**REMAINING PARTNER:**

**PARTNERSHIP REPRESENTATIVE:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

