

# PARTNERSHIP CAPITAL WITHDRAWAL AND PROFIT DISTRIBUTION AGREEMENT

This Partnership Capital Withdrawal and Profit Distribution Agreement (the "Agreement") is entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between the undersigned Partners of \_\_\_\_\_ (the "Partnership").

## RECITALS

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

WHEREAS, the Partners desire to establish clear and binding terms regarding the distribution of partnership profits and the conditions under which capital withdrawals may be executed;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Partners agree as follows:

## 1. CAPITAL ACCOUNTS AND WITHDRAWALS

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- A. **Capital Contribution:** Each Partner's capital contribution and individual capital account balance shall be maintained in accordance with the provisions of the Original Agreement and applicable tax regulations.
- B. **Withdrawal Limitations:** No Partner shall be permitted to withdraw any portion of their capital account, unless:
- i. Prior written consent is obtained from all other Partners; or
  - ii. The withdrawal is approved by a vote of \_\_\_\_\_% of the partnership interest; or
  - iii. The withdrawal is made in accordance with a designated schedule of capital reduction approved by the Partners.
- C. **Minimum Balance Requirements:** Notwithstanding any other provision, no withdrawal shall be authorized if it reduces a Partner's capital account below a minimum threshold of \$\_\_\_\_\_, unless agreed upon unanimously in writing.

## 2. PROFIT AND LOSS DISTRIBUTIONS

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- A. **Distribution Percentages:** Net profits and losses of the Partnership shall be distributed to the Partners in accordance with the following designated percentages:
- o Partner Name: \_\_\_\_\_ | Share: \_\_\_\_\_%
  - o Partner Name: \_\_\_\_\_ | Share: \_\_\_\_\_%
  - o Partner Name: \_\_\_\_\_ | Share: \_\_\_\_\_%
  - o Partner Name: \_\_\_\_\_ | Share: \_\_\_\_\_%
- B. **Timing of Distributions:** Distributions of profit shall be calculated and made on a \_\_\_\_\_ basis, subject to the retention of adequate working capital as determined by the Partners.
- C. **Withholding:** The Partnership is authorized to withhold from any distribution such amounts as are required by federal, state, or local tax authorities.

## 3. GENERAL PROVISIONS

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- A. **Governing Law:** This Agreement shall be governed by, and construed in accordance with, the laws of the State of \_\_\_\_\_.
- B. **Amendments:** This Agreement may only be amended, modified, or supplemented by a written instrument executed by all Partners.

C. **Entirety:** This Agreement, together with the Original Agreement, constitutes the entire understanding between the Partners regarding capital accounts, withdrawals, and distributions.

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

**Partner 1:**

\_\_\_\_\_

Signature

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

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

**Partner 2:**

\_\_\_\_\_

Signature

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

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

**Partner 3:**

\_\_\_\_\_

Signature

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

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

**Partner 4:**

\_\_\_\_\_

Signature

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

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