

# SILENT PARTNER AGREEMENT

Location: \_\_\_\_\_ Effective Date: \_\_\_\_\_

## PARTIES:

General Partner (Managing Partner): \_\_\_\_\_

Silent Partner: \_\_\_\_\_

## RECITALS:

WHEREAS, the General Partner desires to engage in the business described herein and the Silent Partner wishes to contribute capital thereto; and WHEREAS, the parties desire to set forth the terms and conditions of their business relationship.

## 1. FORMATION AND PURPOSE

The parties hereby form a partnership (the "Partnership") to engage in the business of [describe business purpose]. The Partnership shall operate under the laws of the United States of America.

## 2. CAPITAL CONTRIBUTIONS

The Silent Partner agrees to contribute capital in the amount of \$\_\_\_\_\_. The General Partner will contribute services, management, and any additional capital as necessary. No additional contributions are required unless agreed in writing.

## 3. PROFITS, LOSSES, AND DISTRIBUTIONS

Profits and losses of the Partnership shall be allocated as follows: Silent Partner: \_\_\_\_\_%; General Partner: \_\_\_\_\_%. Distributions of available cash shall be made at the discretion of the General Partner.

## 4. MANAGEMENT AND AUTHORITY

The General Partner shall have full, exclusive, and complete discretion to manage and control the Partnership business, make all decisions regarding the business, and perform any and all other acts or activities customary or incident to the management of the Partnership business.

## 5. RESTRICTIONS ON SILENT PARTNER

The Silent Partner shall have no authority to act on behalf of the Partnership or bind the Partnership in any manner, except as expressly provided in this Agreement or with the written consent of the General Partner.

## 6. TERM

The Partnership shall continue until terminated by mutual agreement of the parties or as otherwise provided by law.

## 7. RECORDS AND ACCOUNTING

The General Partner shall maintain complete and accurate books and records of the Partnership's affairs, which shall be available for inspection by the Silent Partner during reasonable business hours.

#### **8. TRANSFER OF INTEREST**

The Silent Partner may not transfer, assign, or encumber their interest in the Partnership without the prior written consent of the General Partner, which consent shall not be unreasonably withheld.

#### **9. DISSOLUTION**

Upon dissolution, the General Partner shall wind up the Partnership business, pay or provide for all Partnership liabilities, and distribute remaining assets to the partners according to their respective interests.

#### **10. INDEMNIFICATION**

The General Partner shall indemnify and hold harmless the Silent Partner from any claims, liabilities, or losses arising from the Partnership business except in cases of gross negligence or willful misconduct.

#### **11. LIMITATION OF LIABILITY**

Except as provided by law, neither partner shall be liable for the debts or obligations of the Partnership beyond their capital contributions.

#### **12. GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the laws of the United States of America and the applicable state law.

#### **13. DISPUTE RESOLUTION**

Any disputes arising under this Agreement shall be resolved by binding arbitration in accordance with the rules of the American Arbitration Association.

#### **14. AMENDMENTS**

This Agreement may be amended only by a written instrument signed by both partners.

#### **15. ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings relating to the Partnership.

#### **16. COUNTERPARTS**

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which

together shall constitute one and the same instrument.

**17. SIGNATURES**

IN WITNESS WHEREOF, the parties have executed this Silent Partner Agreement as of the Effective Date.

**GENERAL PARTNER (MANAGING PARTNER)**

**SILENT PARTNER**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

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

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

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