PHYSICAL THERAPY PARTNERSHIP AGREEMENT

THIS PARTNERSHIP AGREEMENT ("Agreement") made and effective this <day and date>, by and between the following individuals, referred to in this Agreement as the "Partners": <Names of partners>

The Partners wish to set forth, in a written agreement, the terms and conditions by which they will associate themselves in the Partnership.

NOW, THEREFORE, in consideration of the promises contained in this Agreement, the Partners affirm in writing their association as a partnership in accordance with the following provisions:

1. **Name and Place of Business.**
The name of the partnership shall be called <Name of private practice> (the "Partnership"). Its principal place of business shall be <City and State>, until changed by agreement of the Partners, but the Partnership may own property and transact business in any and all other places as may from time to time be agreed upon by the Partners.

2. **Purpose.**
The purpose of the Partnership shall be to <provide physical therapy services>. The Partnership may also engage in any and every other kind or type of business, whether or not pertaining to the foregoing, upon which the Partners may at any time or from time to time agree.

3. **Term.**
The Partnership shall commence as of the date of this Agreement and shall continue until terminated as provided herein.

4. **Initial Capital Contributions.**
Name of partner

5. **Subsequent Contributions.**
From time to time, upon the unanimous consent of the Partners, the Partners shall contribute such sums as are necessary to achieve the partnership purposes, and shall personally sign notes or guarantees as may be required for the partnership to borrow necessary funds. An interest rate mutually agreed upon the Partners shall be paid on the capital contributions of the partners.

6. **Profits and Losses.**
Until modified by mutual consent of all the Partners, the profits and losses of the Partnership and all items of income, gain, loss, deduction, or credit shall be shared by the Partners in the following proportions:
7. **Distribution of Cash.**
After payment of all debts and expenses of the partnership, the net cash flow of the partnership may be distributed to the partners quarterly or more frequently, as determined by the partners. For the purposes of this paragraph, net cash flow shall be determined to mean net cash remaining in the partnerships accounts after payment of all legitimate partnership expenses and withholding a reasonable reserve for contingencies in an amount, not to exceed $14,000. Such cash flow shall be computed without regard to profits or losses shown on the partnerships books, except as such profits or losses may affect the reserve contingencies. Any such distributions shall be charges against the Partner’s drawing account.

8. **Books and Records of Account.**
The Partnership books and records shall be maintained at the principal office of the Partnership and each Partner shall have access to the books and records at all reasonable times.

9. **Future Projects.**
The Partners recognize that future projects for the Partnership depend upon many factors beyond present control, but the Partners wish to set forth in writing and to mutually acknowledge their joint understanding, intentions, and expectations that the relationship among the Partners will continue to flourish in future projects on similar terms and conditions as set forth in this Agreement, but there shall be no legal obligations among the Partners to so continue such relationship in connection with future projects.

10. **Time and Salary.**
Each Partner shall be expected to devote such time and attention to Partnership affairs as shall from time to time be determined by agreement of the Partners. No Partner shall be entitled to any salary or to any compensation for services rendered to the Partnership or to another Partner unless otherwise decided by unanimous agreement of the Partners.

11. **Transfer of Partnership Interests.**
A. Restrictions on Transfer. None of the Partners shall sell, assign, transfer, mortgage, encumber, or otherwise dispose of the whole or part of that Partner's interest in the Partnership, and no purchaser or other transferee shall have any rights in the Partnership as an assignee or otherwise with respect to all or any part of that Partnership interest attempted to be sold, assigned, transferred, mortgaged, encumbered, or otherwise disposed of, unless and to the extent that the remaining Partner(s) have given consent to such sale, assignment, transfer, mortgage, or encumbrance, but only if the transferee forthwith assumes and agrees to be bound by the provisions of this Agreement and to become a Partner for all purposes hereof, in which event, such transferee shall become a substituted partner under this Agreement.
B. Transfer Does Not Dissolve Partnership. No transfer of any interest in the Partnership, whether or not permitted under this Agreement, shall dissolve the Partnership. No transfer, except as permitted under Subsection 9.A. above, shall entitle the transferee, during the continuance of the Partnership, to participate in the management of the business or affairs of the Partnership, to require any information or account of Partnership transactions, or to inspect the books of account of the Partnership; but it shall merely entitle the transferee to receive the profits to which the assigning Partner would otherwise be entitled and, in case of dissolution of the Partnership, to receive the interest of the assigning Partner and to require an account from the date only of the last account agreed to by the Partners.

12. **Death, Incompetency, Withdrawal, or Bankruptcy.**

Neither death, incompetency, withdrawal, nor bankruptcy of any of the Partners or of any successor in interest to any Partner shall operate to dissolve this Partnership, but this Partnership shall continue as set forth in Section 3, subject, however, to the following terms and conditions:

A. Death or Incompetency.

In the event any Partner dies or is declared incompetent by a court of competent jurisdiction, the successors in interest of that Partner shall succeed to the partnership interest of that Partner and shall have the rights, duties, privileges, disabilities, and obligations with respect to this Partnership, the same as if the successors in interest were parties to this Agreement, including, but not limited to, the right of the successors to share in the profits or the burden to share in the losses of this Partnership, in the same manner and to the same extent as the deceased or incompetent Partner; the right of the successors in interest to continue in this Partnership and all such further rights and duties as are set forth in this Agreement with respect to the Partners, the same as if the words "or his or her successors in interest" followed each reference to a Partner; provided, however, that no successor in interest shall be obligated to devote any service to this Partnership and, provided further, that such successors in interest shall be treated as holding a passive, rather than active, ownership investment.

B. Payments Upon Retirement or Withdrawal of Partner.

1. **Amount of Payments.** Upon the retirement or withdrawal of a Partner, that Partner or, in the case of death or incompetency, that Partner's legal representative shall be entitled to receive the amount of the Partner's capital account (as of the end of the fiscal year of the Partnership next preceding the day on which the retirement or withdrawal occurs) adjusted for the following:

   (a) Any additional capital contributions made by the Partner and any distributions to or withdrawals made by the Partner during the period from the end of the preceding fiscal year to the day on which the retirement or withdrawal occurs;

   (b) The Partner's share of profits and losses of the Partnership from the end of the preceding fiscal year of the Partnership to the day on which the retirement or
withdrawal occurs, determined in accordance with generally accepted accounting principles, consistently applied; and

(c) The difference between the Partner’s share of the book value of all of the Partnership assets and the fair market value of all Partnership assets, as determined by a fair market value appraisal of all assets. Unless the retiring or withdrawing Partner and the Partnership can agree on one appraiser, three (3) appraisers shall be appointed—-one by the Partnership, one by the retiring or withdrawing Partner, and one by the two appraisers thus appointed. All appraisers shall be appointed within fifteen (15) days of the date of retirement or withdrawal. The average of the three appraisals shall be binding on all Partners.

(2) Time of Payments. Subject to a different agreement among the Partners or successors thereto, the amount specified above shall be paid in cash, in full, but without interest, no later than twelve (12) months following the date of the retirement or withdrawal.

(3) Alternate Procedure. In lieu of purchasing the interest of the retiring or withdrawing Partner as provided in subparagraph (1) and (2) above, the remaining Partners may elect to dissolve, liquidate and terminate the Partnership. Such election shall be made, if at all, within thirty (30) days following receipt of the appraisal referred to above.

13. **Procedure on Dissolution of Partnership.**
Except as provided in Section 10.B.(3) above, this Partnership may be dissolved only by a unanimous agreement of the Partners. Upon dissolution, the Partners shall proceed with reasonable promptness to liquidate the Partnership business and assets and wind-up its business by selling all of the Partnership assets, paying all Partnership liabilities, and by distributing the balance, if any, to the Partners in accordance with their capital accounts, as computed after reflecting all losses or gains from such liquidation in accordance with each Partner’s share of the net profits and losses as determined under Section 5.

14. **Title to Partnership Property.**
If for purposes of confidentiality, title to Partnership property is taken in the name of a nominee or of any individual Partner, the assets shall be considered to be owned by the Partnership and all beneficial interests shall accrue to the Partners in the percentages set forth in this Agreement.

15. **Powers and Authority.**
All partners shall have an equal vote in general financial matters, and all matters involving, or having implications to involve, the amount of $1000 or more shall require the unanimous decision of the Partners.
A) [ __________ ] shall have double voting power in administrative and marketing matters whereas [ __________ ] shall have single votes.

B) [ __________ ] shall have double voting power in clinical matters whereas [ __________ ] shall have single votes.

C) Each Partner shall contribute the adequate time necessary to partnership business according to the reasonable expectations of his/her position.

D) No Partner shall be allowed to participate in any competing or closely related business without the unanimous consent of the remaining Partners.

E) Partners may be reimbursed for any monies spent personally for partnership matter. For amounts $500 or more requires a unanimous decision of the partners. Examples of appropriate expenses include but are not limited to auto fuel, communication fees, dining, entertainment, gifts, donations, advertising, clothing, transportation costs, supplies, legal or accounting service fees.

F) Rights to current partnership name, trade secrets, operation systems, trademarks, copyrights, and licenses belong to [ __________ ] but may be used by partnership at current location and any other mutually agreed upon by partners.

G) Partner participation includes:

16. **Mediation**

Any dispute between Partners that cannot be solved informally amongst themselves shall first be subject to mediation. The Partners agree to comply with all procedures to implement this mediation.

Mediation shall take place within 10 days of a written request by any TWO Partners for mediation, submitted to the partnership. Mediation shall be conducted by an individual mutually agreed upon by a majority of the partners at a place and time determined by the individual.

Once agreement has been reached, the decision shall be set in writing and signed by all partners, and all Partners agree to be bound by this decision. Should an agreement fail to be reached, by mutual decision of the Partners or at the written request of any Partner, the conflict may proceed into arbitration as per this agreement.

17. **Arbitration**

Any dispute between Partners that cannot be solved through mediation shall be subject to arbitration. The Partners agree to comply with all procedures to implement this arbitration.

Arbitration shall take place within 10 days of any failed attempt at mediation, or at the written request for arbitration by any Partner submitted to the partnership. Arbitration shall be conducted by a party to be chosen by the Partnership’s retained accountant, at a time and place to be determined by an attorney.
The arbiter shall allow for evidence on all sides, including written statements and other evidence or witnesses. No partner may be represented by an attorney or any third party. The cost of arbitration shall be shared equally among all Partners.

Once the arbiter has reached a decision, the decision shall be set in writing, signed by all partners and filed with the clerk of court. All Partners agree to be bound by this decision.

18. **Expulsions.**
Grounds for expulsion of a partner is as follows:
   a. A partner files personal bankruptcy.
   b. A partner is declared mentally or physically incapable of continuing actively in the partnership.
   c. A partner is involved in activities or other business in direct conflict of interest with the partnership.
   d. A partner has knowingly breached the partnership agreement.
   e. A partner can no longer comply with the partnership agreement or contribute needed capital or service.
   f. A partner has misused or mishandled partnership funds and property.

19. **Leases.**
All leases of Partnership assets shall be in writing and on forms approved by all the Partners.

20. **Controlling Law.**
This Agreement and the rights of the Partners under this Agreement shall be governed by the laws of the State of [state].

21. **Amendments.**
All amendments to this agreement must be submitted in writing by any Partner, and must be accepted with the unanimous consent of all Partners.

22. **Notices.**
Any written notice required by this Agreement shall be sufficient if sent to the Partner or other party to be served by registered or certified mail, return receipt requested, addressed to the Partner or other party at the last known home or office address, in which event the date of the notice shall be the date of deposit in the United States mails, postage prepaid.

23. **General.**
This Agreement contains the entire agreement of the Partners with respect to the Partnership and may be amended only by the written agreement executed and delivered by all of the Partners. Any additions, amendments, or attachments (in writing) to the agreement will be considered to be part of the agreement.

24. **Binding Upon Heirs.**
This Agreement shall bind each of the Partners and shall inure to the benefit of (subject to the Sections 9 and 10) and be binding upon their respective heirs, executors, administrators, devisees, legatees, successors and assigns.

If any portion of this agreement shall be held invalid or inoperative, then insofar as it is reasonable and possible, the remainder of this agreement shall be considered valid and operative and effect shall be given to the intent manifested by the portion held invalid or inoperative.

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

_____________________________
[partner 1 signature]

_____________________________
[partner 2 signature]

_____________________________
[partner 3 signature]

_____________________________
[partner 4 signature]