

# LEGALDOCS

## Partnership Dissolution Agreement - Short Form - Example Document

**This is a sample Short Form Partnership Dissolution Agreement, Short Form, based on a simple partnership. In this example, 2 electricians worked together in a business providing electrical services. Since their business is not a corporation, limited liability company, or other such type of formal organization, they are de-facto a general partnership. Now, for whatever reason, these 2 partners have decided to go their own ways. This example assumes that these partners had a written partnership agreement, and that the agreement called for a 60/40 split amongst the partners.**

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### **AGREEMENT FOR DISSOLUTION AND WINDING UP OF J & H Electrical Systems, A PARTNERSHIP**

This dissolution agreement is made on \_\_\_\_\_, between J & H Electrical Systems, a partnership formed under a written partnership agreement dated January 2, 2000, with principal offices at 234 Main Street, Silver City, Montana (the "Partnership"), and its general partners James Gardener, and Harry Lombardo, and hereinafter referred to as the "Partners", to provide for the dissolution and orderly winding up of the partnership business, which business primarily consisted of providing residential and commercial electrical installation and servicing.

**Section 1. DISSOLUTION.** The Partners hereby agree that the Partnership shall be dissolved, effective as of October 20, 2002 (the "date of dissolution"), and the Partners agree that the partnership shall be wound up and liquidated as of and following such date.

**Section 2. APPOINTMENT OF LIQUIDATING PARTNER.** James Gardener shall be the liquidating partner (the "liquidating partner") and shall have the exclusive right and obligation to wind up the partnership business.

Following the date of dissolution, no other Partner may act on behalf of or bind the Partnership, to represent the Partnership in any official capacity, or to participate in management or control of the Partnership, for purposes of winding up its business or otherwise.

**Section 3. SALARIES, WITHDRAWALS.** As compensation for serving as liquidating partner, James Gardener shall receive the sum of \$750. This compensation shall be considered an expense of winding up the partnership's business and shall not be charged to the capital account of the liquidating partner as a withdrawal. Except for the compensation to the liquidating partner, none of the partners shall receive any compensation, make any withdrawals, or receive any interest on their contributions or respective shares of the partnership's capital after the date of dissolution, other than as a liquidating distribution under this agreement.

**Section 4. POWERS OF LIQUIDATING PARTNER.** The liquidating partner shall have authority to wind up the partnership business, including full power and authority to sell and transfer partnership

assets, engage professional services, sign and submit tax matters, execute and record a statement of dissolution of partnership, pay and settle debts, and distribute partnership assets to the respective partners.

The liquidating partner shall use his or her best efforts to complete liquidation of the partnership by October 20, 2002 (the "termination date").

Section 5. DUTIES OF LIQUIDATING PARTNER. The liquidating partner shall devote such time as he or she deems necessary to liquidate the partnership in the manner provided herein and as required by law. The liquidating partner shall keep the remaining partners reasonably apprised of the status of the dissolution, shall conduct and provide the other partners with an inventory of partnership assets, shall prepare and file all required federal and state tax returns, shall pay all just partnership debts, shall provide a partnership accounting prior to any distribution, and shall distribute the remaining of partnership assets, if any, to the partners.

Section 6. DISTRIBUTIONS. Proceeds from the disposition of partnership assets shall be applied first to the satisfaction of all partnership debts and liabilities. Proceeds and assets, if any, remaining after payment of creditors shall be distributed as follows:

The proceeds listed below to each Partner as follows:

- James Gardener shall receive Sixty (60) percent of the partnership assets.
- Harry Lombardo shall receive Forty (40) percent of the partnership assets.

Section 7. RELEASE OF CLAIMS. Each partner hereby releases each of the other partners and the partnership from all known claims arising under the partnership agreement, except as stated elsewhere in this agreement and/or any equalization payments set forth herein.

Section 8. POWER OF ATTORNEY TO LIQUIDATING PARTNER. Each partner, being fully informed and aware that this grant of authority is a special power of attorney coupled with an interest and is thus irrevocable, hereby constitutes and appoints the liquidating partner as that partner's attorney-in-fact, in his or her name and for his or her use and benefit to prepare, execute, acknowledge, verify, file, record, and publish any agreements, notices, tax returns, billings, payments, and other documents required to be prepared and filed to effect the dissolution, liquidation, or termination of the partnership pursuant to the terms of this agreement and under the laws of .

Section 9. RETURN OF EQUIPMENT: During the duration of the partnership, James Gardener has furnished his truck, and equipment currently used on the truck, to the partnership free of charge. Such truck and equipment will be returned to James Gardener and such return will not be considered a distribution of partnership assets.

Section 10. SUCCESSORS. This agreement shall benefit and be binding on the respective heirs, executors, administrators, legatees, distributees, devisees, representatives, assignees, and other successors of each partner.

This Agreement is executed in the State of Montana, and is effective on the last date signed by the last Partner to sign hereunder.

\_\_\_\_\_ dated: \_\_\_\_\_  
James Gardener

\_\_\_\_\_ dated: \_\_\_\_\_  
Harry Lombardo

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