

CHECKLIST

FOR DRAFTING LIMITED PARTNERSHIP AGREEMENTS

Not all items are relevant in all contractual situations. In some situations, other provisions may be appropriate that are not listed below. The following checklist is, however, a basic and general guide as to what provisions to include in the contracts that you enter into. This document is not intended to substitute for legal advice nor legal wording provided by a competent advisor in the relevant legal jurisdiction.

GENERAL

- Under what state law will the partnership be formed?
- What is the name of the partnership? Has the name been checked with the Secretary of State?
- What is the purpose of the partnership?
- What is the term of the partnership?
- Who is the general partner(s)?
- Who is the agent for service of process?
- Is the general partner a limited liability entity?

CAPITAL CONTRIBUTIONS

- What is the initial capital contribution of the general and limited partner?
- Will partners be required to make additional contributions if necessary?
- What happens if a partner fails to make a required capital contribution?
- Is the approval of only the general partner required for the admission of new limited partners?
- Are partners allowed to withdraw their capital contributions? If so, under what circumstances?
- Is a partner entitled to interest on his or her capital contributions?
- Does any partner have any priority on distributions over any other partners?

ALLOCATIONS

- How are distributions to be divided among the partners?
- How are tax allocations made?
- Will the general partner be obligated to make up capital accounts?
- When are distributions to be made?
- Will there be special distributions required to be made to at least pay for tax on each partner's

pro rate income from the partnership?

MANAGEMENT OF THE PARTNERSHIP

- How broad are the management powers of the general partner? What are the limitations?
- If more than one general partner, what actions require the consent of all of the general partners?
- Is the general partner obligated to devote any particular amount of time to partnership matters?
- Is the general partner and its affiliates free to engage in other activities?
- Is there any limit on the general partner's right to form other partnerships?
- Will the general partner be broadly protected from liability?
- Will the general partner be indemnified for acts taken on behalf of the partnership?
- Under what circumstances might the general partner be liable to the partners for acts or omissions?
- What specific duties does the general partner have?

COMPENSATION TO THE GENERAL PARTNER

- What fees is the general partner entitled to?
- What reimbursements is the general partner entitled to?
- Is the general partner entitled to incentive compensation or a carried interest?

BOOKS, RECORDS, ACCOUNTS AND REPORTS

- What books and records are to be maintained by the partnership?
- What access rights will the limited partners have to partnership books and records?
- What reports will the limited partners be required to receive?
- Who will be the tax matters partner?

VOTING RIGHTS

- What voting rights will the limited partners have?
- What major actions can the general partners take without limited partner approval?

MEETINGS

- Where will meetings be held?
- How can meetings be called?

- What notices for meetings must be given?
- What quorum is necessary for meetings?
- Can actions be taken by written consent of the partners?

ASSIGNMENT OF INTERESTS

- Does the general partner have the right to assign its interest in distributions?
- What rights does an assignee of a limited partner's interest get?
- In what situations will assignment be prohibited?
- What are the procedures for substitution of limited partners?
- What happens on the death, incompetency or bankruptcy of a limited partner?

TERMINATION OF A GENERAL PARTNER

- Under what circumstances can the general partner voluntarily withdraw as the general partner of the partnership?
- What are the events that will result in the general partner ceasing to be the general partner of the partnership?
- Under what circumstances can the limited partners remove the general partner?
- What happens to the general partner's interest when it has ceased to be the general partner?

DISSOLUTION AND TERMINATION OF THE PARTNERSHIP

- Under what circumstances will the partnership be dissolved?
- Under what circumstances can the partnership continue notwithstanding a technical dissolution?
- How are distributions to be made on liquidation of the partnership?

MISCELLANEOUS

- Which amendments to the partnership agreement can be effected solely by the general partner, without the consent of the limited partners?
- How are other amendments to the partnership agreement to be effected?
- When will amendments to the partnership's Certificate of Limited Partnership have to be made?
- What power of attorney is granted to the general partner?
- Is there an arbitration clause that governs any disputes among the partners?
- Are the limited partners liable in circumstances other than for their capital contributions?