

PARTNERSHIP DISABILITY BUY-SELL AGREEMENT
(Optional clauses inserted where a Trustee is used)

Specimen Agreement Only

As an agreement of this nature is an important legal document it is imperative that all parties be guided by the advice of their legal counsel and all agreements be drafted by such legal counsel.

THIS AGREEMENT made this _____ day of _____ 20 ____, by and between _____ of _____ and _____ of _____ hereinafter collectively called the Partners, and _____ of _____ hereinafter called Trustee.

WHEREAS the said Partners are doing business as a general partnership under the firm name and style of _____ of _____

WHEREAS the interest of Partners in the Partnership are as follows:

WHEREAS the Partners believe it to be in the best interest of the Partnership and the Partners that they enter into an agreement whereby, in the event disability from either accident or sickness prevents a Partner from performing the duties of his office after a specified period of time the non-disabled Partners will purchase the interest of the disabled Partner and

WHEREAS, it is agreed that _____ shall act as Trustee.

NOW, THEREFORE, in consideration of the premises and other valuable consideration it is mutually agreed as follows:

1. Agreement to Buy and Sell

In the event any Partner party to this Agreement shall become totally disabled as defined in Article No. 8 hereof as a result of an injury or sickness and unable to attend to his ordinary and regular duties for a continuous period of ___ months, the disabled Partner will sell and the non-disabled Partner(s) will purchase all his right, title and interest in and to the Partnership and its assets for the price specified in or determined under Article No. 3

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2. Price

The price to be paid for the share of the disabled Partner's interest shall be his percentage of the value of the Partnership business, as herein determined.

3. Value

The value of the Partnership business is now determined to be \$ _____. This figure shall, however, be modified in writing during the month of _____ in each year or at more frequent intervals, if the parties hereto so agree, by the Partners acting jointly, taking into consideration not only all of the tangible assets of the Partnership business, but all intangible assets as well, including goodwill. The said value hereafter determined together with the effective date thereof shall be entered, with the signatures of all Partners, in Schedule A attached hereto. The figure last agreed upon and set forth in Schedule A shall control.

If the partnership and the Partners fail to modify the value of the Partnership for two consecutive years, the value shall be agreed upon by the selling Partner and the Partnership. If an agreement cannot be reached within 30 days, the selling Partner and the Partnership may choose a qualified independent arbitrator to determine the value. This decision shall be binding upon the parties. The compensation for the arbitrator's services will be borne equally by the selling Partner and the Partnership.

4. Payment of Purchase Price

In the event of a sale of a Partner's ownership interest in the Partnership by reason of the total disability of a Partner, the purchase price shall be paid in one lump sum payment.

5. Limited Right of Sale During Lifetime

No Partner shall, during his lifetime, assign, encumber, or dispose of his interest or any portion thereof in the Partnership without first offering the other Partner(s) the option to purchase such interest at the price determined by Article No. 3 hereof.

6. Transfer of Partnership Interest

Upon payment of the purchase price as provided in Article No. 4 the disabled Partner shall transfer his Partnership interest to the purchasing Partner(s).

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7. Insurance Policies and Proceeds

In order to effectuate this Agreement, each Partner shall apply for a Great-West Life disability buy-out policy(ies) on his life. These policies shall be listed in Schedule "B" attached hereto and made a part hereof. The other Partner(s) agrees to pay the premiums on such insurance policies so long as the insured Partner remains a member of the Partnership and such policies will be owned and held by the Trustee subject to the terms of this agreement.

Payment of the purchase price of a disabled Partner's interest in the Partnership shall be made from the policy proceeds to the extent such proceeds are available, with any balance remaining on the purchase price to be paid directly by the purchasing Partner(s).

8. Definition of Total Disability

For the purpose of this Agreement, the term "Total Disability" shall have the same definition as that contained in the disability buy-out insurance policy referred to in Article No. 7 hereof, whether or not the said policy shall be in effect at the commencement of such disability.

A Partner shall be deemed to be "Totally Disabled" for the purpose of this Agreement if The Great-West Life Assurance Company determines that a Partner is Totally Disabled as defined within its policy.

9. Partner's Right to Purchase Life Insurance

Upon completion of the purchase price under a disability buy-out pursuant to this Agreement, the disabled seller shall then have the right exercisable within 90 days after the date of purchase to purchase any insurance or termination policy(ies) on his life owned by the remaining Partners, by paying an amount equal to the cash surrender value of such policy(ies) of the date of its sale, plus the value of the accumulated dividends, if any, of the said policy(ies). Said purchasing Partner shall thereafter be the absolute owner of the policy(ies) on his life. Any such policy not purchased by the insured within the specified period may be surrendered to the insurance company for its cash surrender value, or may be held or disposed of in any lawful manner that the owner deems advisable.

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10. Binds Estate

This Agreement shall be binding not only upon the parties hereto, but also on their heirs, executors, administrators and assigns, and the parties hereto agree for themselves, and their heirs, executors, administrators and assigns to execute any instruments which may be necessary or proper to carry out this purpose and intent of the Agreement.

11. Insurance Company

Notwithstanding the provisions of this Agreement, any insurance company issuing policies on the lives of the Partners to this Agreement is hereby authorized to act in accordance with the terms of any policies issued by it as if this Agreement did not exist, and payment or other performance of its contract obligations by such company in accordance with the terms of any such policy shall completely discharge the company from all claims, suits and demands of all persons whatsoever.

12. Amendment

This Agreement may be altered or amended by written agreement between the parties hereto.

13. Termination

This Agreement shall terminate upon the written consent of the parties hereto; upon withdrawal under the provisions of Article No. 6 hereof of more than one party; or by the bankruptcy, insolvency or assignment for the benefit of creditors of the Partnership or of any Partner.

14. Provisions As To Trustee (optional)

The Trustee

- A. Shall be entitled to reasonable compensation for its services hereunder;
- B. Shall use its best efforts to collect any sums due or owing under the policies issued under this Agreement;
- C. Shall have no responsibility as to the payment of the premiums on any such policies;
- D. Shall hold the policies and make disposition of them and of their proceeds as is herein provided;

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- E. Shall not be required to take any steps or institute any proceedings unless properly reimbursed and protected against liability;
- F. Shall execute any and all forms, instruments or documents necessary to carry out the intent and purposes of this Agreement.

15. Governing Law

- (1) This Agreement is governed by and shall be interpreted according to the law and procedure of the Province of _____.
- (2) A Partner may only institute litigation concerning this Agreement in the Province of _____ and the law and Province of _____ governs at the material time the dispute arose.

IN WITNESS WHEREOF, the parties hereunto set their hands and seals the day and year first above written.

In the presence of:

Partner

Partner

Partner

Trustee (if applicable)

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Schedule A

It is agreed, pursuant to Article No. 5 of the foregoing Partnership Buy-Sell Agreement dated _____, that the value of the Partnership is at last shown below.

Partnership Value	Date Agreed	Signature of all Partners
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Schedule B

It is agreed pursuant to the foregoing Agreement dated _____ that the following described disability buy-out policies have been issued pursuant to Article No. 6 of said Agreement.

Insurance Company	Policy No.	Name of Insured	Issue Date
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