

SPECIMEN PROFESSIONAL PARTNERSHIP AGREEMENT

PURCHASE OF PARTNERSHIP INTEREST OF A WITHDRAWING PARTNER BY THE OTHER PARTNERS USING BORROWED FUNDS COLLATERALLY SECURED BY LIFE INSURANCE OF THE PARTNERSHIP

This Specimen Agreement illustrates the buy-sell arrangement on the withdrawal of a partner from a professional partnership in certain circumstances whereby the other partners will purchase the partnership interest of the withdrawing partner using borrowed funds that are collaterally secured by life insurance policies on the lives of the partners and held as partnership property.

Disclaimer

This Specimen Professional Partnership Agreement is made available by the Standard Life Assurance Company for discussion purposes only. This Specimen Agreement is not intended to and does not include all of the provisions that may be included in a partnership agreement with respect to the carrying on of a professional practice. This document must not be relied upon as professional advice of any kind whatsoever. You must consult your own legal and other professional advisers for advice with respect to your particular circumstances.

This agreement made the _____ day of _____, 200_____.

BETWEEN:

PARTNER 1

(hereinafter referred to as "Partner 1")

of the _____

of _____, in the Province of _____,

and **PARTNER 2**

(hereinafter referred to as "Partner 2")

of the _____

of _____, in the Province of _____,

and **PARTNER 3**

(hereinafter referred to as "Partner 3")

of the _____

of _____, in the Province of _____,

and **PARTNER 4**

(hereinafter referred to as "Partner 4")

of the _____

of _____, in the Province of _____,

and **PARTNER 5**

(hereinafter referred to as "Partner 5")

of the _____

of _____, in the Province of _____,

WHEREAS Partner 1, Partner 2, Partner 3, Partner 4 and Partner 5 wish to form a partnership pursuant to the laws of the Province of _____, under the partnership name "_____" for the purposes of carrying on the practice of _____ (*insert description of practice*) in the Province of _____;

AND WHEREAS the parties wish to enter into this Agreement to set out the terms and conditions governing the Partnership (as defined herein) and to deal with various matters relating to the Partnership (as defined herein) as set forth in this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of mutual covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto), the parties hereto covenant and agree with each other as follows:

ARTICLE 1 - DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

In this Agreement, unless the context otherwise requires, the following words and phrases shall have the following meanings:

- (a) **"this Agreement"** means this agreement as it may be amended, supplemented or restated from time to time and includes any schedule and any instrument supplemental hereto;
- (b) **"Business Day"** means any day other than a Saturday or a Sunday or a statutory or civic holiday in the _____ City/Town of _____, in the Province of _____;
- (c) **"Date of Closing"** means the date specified in Section 4.5 or such earlier or later date as may be agreed upon by the parties to the subject transaction;
- (d) **"Encumbrances"** means charges, liens, security interests, mortgages, claims, hypothecs and encumbrances of every nature and kind whatsoever;
- (e) **"Partner"** means any of Partner1, Partner2, Partner3, Partner4, Partner5 or any individual who becomes a Partner under to this Agreement, individually, provided such person remains a Partner of the Partnership and **"Partners"** means all of the Partners, collectively;
- (f) **"Partnership"** means the partnership established by this Agreement;
- (g) **"Partnership Interest"** means the interest of a Partner in the Partnership;
- (h) **"Person"** includes an individual, a firm, a corporation, a syndicate, a partnership, a trust, an association, a joint venture and any form of incorporated or unincorporated organization or entity and every other legal or business entity whatsoever;
- (i) **"Place of Closing"** means the principal office of the Partnership or such other place as may be agreed to by the parties to the subject transaction;
- (j) **"Practice"** means the practice of _____ (*insert description of practice*) carried on by the Partnership in the Province of _____;
- (k) **"Prime Rate"** means the prime lending rate of interest expressed as a rate per annum that the Partnership's Canadian banker establishes on the day in question as the reference rate of interest in order to determine the interest rates such bank will charge on that date on Canadian Dollar commercial loans in Canada;
- (l) **"Promissory Note "** means a promissory note providing that:
 - (i) the principal amount owing shall be paid in _____ (_____) equal consecutive _____ monthly/yearly instalments commencing _____ month(s)/year from the Date of Closing of the transaction in respect of which the note was executed and delivered with interest on the unpaid amount from the Time of Closing of such transaction at a rate per annum equal to the Prime Rate plus _____%;
 - (ii) the interest rate shall be determined at the Date of Closing, and redetermined on each anniversary day thereafter,
 - (iii) interest under the note shall be payable at the same time as the instalment payments of the balance of the principal amount owing,
 - (iv) the maker of the promissory note may, at any time, and from time to time, prepay all or any part of such instalments in reverse order from which they are due and the outstanding interest, without notice or bonus,
 - (v) payments and prepayments shall be applied firstly in reduction of interest and secondly in reduction of principal, and
 - (vi) default on any payment of principal or interest, if such default continues for a period of more than thirty (30) days, shall, at the option of the holder of the promissory note, cause the entire balance thereof to mature.
- (m) **"Tax Act"** shall mean the Income Tax Act R.S.C. 1985, (5th Supplement), c.1;
- (n) **"Pro-Rata Share"** of a Partner in the Partnership at any time means the amount expressed as a decimal that results from dividing the total of such Partner's capital at that time by the total of all amounts each of which is the total of each Partner's capital at that time;

- (o) **"Time of Closing"** means _____ a.m./p.m. on the Date of Closing or such earlier or later time on the Date of Closing as may be agreed to by the parties to the subject transaction;
- (p) **"Total Disability"** of a Partner means such Partner is unable to perform the material and substantial duties which such Partner performed for the Partnership at the onset of Total Disability;
- (q) **"Totally Disabled"** in respect of an Partner means such Partner is unable to perform the material and substantial duties which such Partner performed for the Partnership at the onset of Total Disability.

1.2 PAYMENTS

All dollar amounts referred to herein are expressed in terms of Canadian dollars.

1.3 SUBDIVISIONS

The division of this Agreement into articles, sections and other subdivisions and the insertion of headings is for convenience of reference only and shall not affect the interpretation or construction of this Agreement. Any reference to a particular "Article", "Section" or other subdivision or schedule is to the specified Article, Section or other subdivision or schedule of this Agreement unless otherwise expressly stated.

1.4 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Province of _____ and the laws of Canada applicable therein.

1.5 CONSTRUCTION OF WORDS, ETC.

In this Agreement, words importing the use of any gender shall include all genders and words in the singular shall include the plural and vice versa.

1.6 CALCULATION OF TIME

When calculating the period of time within which or following which any act is to be done or step taken pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded. If the last day of such period is a not a Business Day, the period in question shall end on the next Business Day.

1.7 REFERENCES TO STATUTES

Unless otherwise provided, any references herein to any law, by-law, rule, regulation, order or act of any government, governmental body or other regulatory body shall be construed as a reference thereto as amended or re-enacted from time to time or as a reference to any successor thereto.

ARTICLE 2 - PARTNERSHIP PROVISIONS

2.1 ESTABLISHMENT OF PARTNERSHIP

The Partners hereby establish a partnership pursuant to the laws of the Province of _____, to carry on the practice of _____ (*insert description of practice*) in the Province of _____, subject to the terms and conditions set out in this Agreement.

2.2 PARTNERSHIP NAME

The name of the Partnership shall be "_____" or such other name or names as the Partners shall unanimously determine from time to time and such name shall be in compliance with the rules of the professional body which regulates the professional practice carried on by the Partnership. Each agreement to be entered on behalf of the Partnership shall be in the name of the Partnership. Each Partner covenants and agrees that such Partner shall not use any part of the name of the Partnership in connection with any other practice _____ (*insert description of practice*), without the prior written consent of all of the other Partners.

2.3 FILINGS

The Partners shall cause to be executed and filed such declarations, instruments and documents as may be desirable, required or advisable under the laws of the Province of _____, including any required declarations specified by statute, to evidence the formation of the Partnership, regarding the name of the Partnership or any other matter relating to the Partnership and any amendments to such declarations, instruments and documents.

2.4 PARTNERSHIP BUSINESS

The Partnership shall carry on the practice of _____ (*insert description of practice*) in the Province of _____ at such location or location in the Province as all of the Partners may from time to time determine.

2.5 TERM

The Partnership shall continue until terminated in accordance with Article 8.

2.6 FISCAL YEAR

The fiscal year of the Partnership shall end on such day in each year as all the Partners determine.

2.7 TIME AND ATTENTION

Each Partner shall devote substantially all of such Partner's time, attention and ability to the Practice unless such Partner cannot do so because of illness, injury or other reasonable cause. Each Partner shall carry on the practice of _____ (*insert description of practice*) solely for the benefit of the Partnership. A Partner may engage in activities that are related to but are not considered to be part of the practice of _____ (*insert description of practice*). Any compensation received as a result of such related activities shall be paid to the Partnership, unless all of the Partners otherwise agree.

2.8 CLIENTS

Clients for which services are, will be, may be or have been performed by the Partnership or any Partners or employees shall be the clients of the Partnership and not of any one or more Partners or associates of the Partnership.

2.9 CAPITAL

The Partners acknowledge that as of the date hereof, each Partner has contributed to the capital of the Partnership the amount set opposite their respective names in Schedule "A" hereto. Additional capital contributions shall be made by the Partners in such amounts and at such times as all of the Partners consider advisable, provided that capital contributions made at a particular time by a Partner shall be in proportion to such Partner's Pro-Rata Share in the Partnership, unless all of the Partners otherwise unanimously agree. Upon the admission of an individual as new Partner, such Partner shall make a capital contribution in the amount determined by all of the existing Partners. If an individual or Partner acquires all or part of the Partnership Interest of Partner, the acquirer's capital shall be credited with the capital associated with the Partnership Interest or part thereof acquired.

2.10 PARTNER'S CAPITAL

A Partner's capital at any time is the amount that is equal to the total of all capital contributions credited to such Partner plus such Partner's share of the annual profits of the Partnership less all drawings and withdrawals of capital made by such Partner less such Partner's share of any annual losses of the Partnership.

2.11 PROFITS AND LOSSES

The profits and losses of the Partnership for a fiscal year shall be shared among the Partners in such proportion as the Partners shall unanimously agree.

2.12 DRAWS

Each Partner shall be entitled to a _____ (*period of time, e.g. bi-weekly*) draw on account of such Partner's share of the profits of the Partnership for each fiscal year in such amount as the Partners may unanimously agree from time to time. Additional draws may be made to Partners at such other times and in such amounts as all of the Partners consider advisable.

ARTICLE 3 - TRANSFER/ENCUMBRANCE OF PARTNERSHIP INTEREST

3.1 RESTRICTION ON TRANSFER OR ENCUMBRANCE

Each of the Partners covenants and agrees that such Partner will not sell, assign, transfer, pledge, mortgage, charge, create a security interest in, hypothecate, enter into any agreement or option to or otherwise dispose of, encumber and deal with such Partner's Partnership Interest, except in accordance with the terms of this Agreement or with the prior written consent of all of the other Partners.

3.2 PERMITTED TRANSFER

In the case of any permitted transfer or assignment of a Partnership Interest, such transfer or assignment shall not be effective unless the transferee is already a party to or is bound by the terms of this Agreement or has by written agreement become bound by the terms of this Agreement.

ARTICLE 4 - WITHDRAWAL FROM PARTNERSHIP

4.1 WITHDRAWAL

Upon the occurrence of any of the following acts or events in respect of a Partner:

- (a) the expiry of _____ (_____) (*enter number of days*) days following the day on which the Partner gave notice to the other Partners that such Partner wishes to withdraw from or retire from the Partnership,
- (b) if the Partner becomes Totally Disabled, the expiry of a period of _____ (_____) (*enter number of months*) months from the commencement of such Total Disability during which such Partner continues to be Totally Disabled,
- (c) the Partner becomes bankrupt or insolvent,
- (d) the Partner loses such Partner's licence to practice _____ (*insert description of practice*) permanently or for a period of time exceeding _____ (_____) (*enter number of months*), or
- (e) the Partner is expelled by all of the other Partners from the Partnership;

the Partner to whom the particular act or event relates (such Partner being hereinafter referred from time to time in this Article as the "**Vendor**") shall be obligated to transfer and assign to each of the other Partners (such other Partners being hereinafter referred to collectively as the "**Purchasing Partners**" and individually as a "**Purchasing Partner**"), and each of the Purchasing Partners shall be obligated to acquire from the Vendor, that proportion of the Vendor's Partnership Interest as the fair market value of such Purchasing Partner's Partnership Interest as determined in accordance with the provisions of Article 6 bears to the total of the fair market value of each of the Partnership Interests of the Purchasing Partners as determined in accordance with the provisions of Article 6, upon the terms and conditions hereinafter set forth.

4.2 PURCHASE PRICE

The purchase price (such price hereinafter referred to in this Article as the "**Purchase Price**") to be paid by a Purchasing Partner for such Purchasing Partner's proportionate share of the Vendor's Partnership Interest shall be equal to the amount that results from multiplying such proportionate share (expressed as a decimal) by the fair market value of the Vendor's Partnership Interest as determined in accordance with the provisions of Article 6.

4.3 FINANCING OBLIGATIONS

Forthwith following the Purchasing Partners becoming obligated to acquire the Vendor's Partnership Interest, each of the Purchasing Partners shall use such Purchasing Partner's best efforts to borrow from a chartered bank or other lender the entire Purchase Price payable by such Purchasing Partner. Each of the Purchasing Partners and the Partnership covenants to use their best efforts to assist each of the Purchasing Partners to borrow such funds and covenants to execute and deliver all necessary security (including, without limiting the generality of the foregoing, with respect to the Partnership, all life insurance policies governed by this Agreement) and any documents and to do all other acts and things, as may be required by such bank or other lender. Notwithstanding the foregoing, a Purchasing Partner shall not be obligated to personally guarantee or provide security for the borrowing of another Purchasing Partner.

4.4 PAYMENT OF PURCHASE PRICE

The Purchase Price to be paid by each Purchasing Partner shall be satisfied by such Purchasing Partner in the following manner:

- (a) such Purchasing Partner shall deliver to the Vendor at the Time of Closing a certified cheque or bank draft in immediately available funds payable to or to the order of the Vendor in the amount that is equal to the lesser of the Purchase Price and the amount of funds which such Purchasing Partner is borrowing to finance such Purchasing Partner's proportionate share of the Vendor's Partnership Interest; and
- (b) such Purchasing Partner shall execute and deliver to the Vendor at the Time of Closing a Promissory Note payable to or to the order of the Vendor in the principal amount equal to the portion of the Purchase Price, if any, not paid by certified cheque or bank draft pursuant to Subsection 4.4(a).

4.5 CLOSING

The transactions of acquisition and transfer and assignment contemplated in this Article shall take place at the Place of Closing on the date (the "**Date of Closing**") which shall be the later of,

- (a) the date that is _____ (_____) days following the date on which the fair market value of the Partnership is finally determined in accordance with Article 6; and
- (b) the earlier of the date that is _____ (_____) days following the date on which the amount of financing to be provided by a lender to each Purchasing Partner pursuant to Section 4.3 is finally determined and is available to fund such Purchasing Partner's acquisition and the date that is _____ (_____) days following the date on which the Vendor's Partnership Interest is subject to obligations to be acquired and transferred and assigned.

4.6 PARTNERSHIP NAME

The name of the Vendor shall be used in the name of the Partnership following the time at which the Vendor ceases to be a Partner only with the prior written consent of the Vendor or the Vendor's personal representatives; provided that if such consent is given, the remaining Partners shall indemnify and save harmless the Vendor and the Vendor's estate from any and all liability arising from the continued use of the Vendor's name as part of the name of the Partnership.

4.7 CLIENT FILES

All files controlled or supervised by the Vendor or on which the Vendor was working shall continue to be the property of the Partnership, unless the Vendor and the remaining Partners otherwise agree.

4.8 PROFIT DISTRIBUTION

The Vendor shall be entitled to receive such Vendor's share of the profits of the Partnership for the current fiscal year accruing to the date on which the Vendor ceases to be a Partner, less the total amount of draws for the current fiscal year received by the Vendor. The Vendor shall repay the Partnership for the amount, if any, by which such draws exceed the Vendor's share of such profits. The Vendor's share of the profits for the current fiscal year of the Partnership shall be determined by all of the Partners (including, for greater certainty, the Vendor) prior to the Time of Closing on an equitable basis taking account of the same factors that were used to determine the Vendor's share of the profits of the Partnership for the immediately preceding fiscal year. The accrued profit shall be determined by the accountants of the Partnership as soon

as is practicable following the Time of Closing. The unpaid portion of the Vendor's share of the profits for the current fiscal year of the Partnership or any repayment by the Vendor shall be paid forthwith after the amount of such accrued profit has been finally determined.

4.9 DRAWS DURING TOTAL DISABILITY

A Partner who becomes Totally Disabled (hereinafter referred to in this Section as the "Disabled Partner") shall be entitled to receive such Partner's normal draws for a period of _____ (_____) (*enter number of months*) months from the commencement of such Total Disability. Except as aforesaid, the Disabled Partner shall not be entitled to receive any other draws or payment or allocation of the income of the Partnership until the Disabled Partner resumes the performance of the material and substantial duties that the Disabled Partner performed for the Partnership at the onset of Total Disability.

4.10 DETERMINATION OF TOTAL DISABILITY

The determination that a Partner is suffering from Total Disability and of the date of commencement of such Total Disability shall be made by a duly licensed doctor of medicine (hereinafter referred to as the "Physician") selected by all the Partners, or where appropriate, their respective nominees. If agreement cannot be reached upon a single Physician, such appointment shall be made by a _____ Judge/Justice of (_____) (*enter name of Court*) on application by an interested party. The determinations made by the Physician shall be binding on all of the parties hereto. Each Partner hereby agrees to take any medical examinations or tests necessary to allow the Physician to make the determinations.

ARTICLE 5 - LIFE INSURANCE

5.1 COLLECTION OF PROCEEDS ON DEATH

Upon the death of a Partner, the Partnership and the Partners shall proceed immediately to collect the insurance proceeds payable to the Partnership as a result of the death under all life insurance policies subject to this Agreement. Upon receipt of the said proceeds of insurance, the Partnership may advise the personal representatives of the deceased Partner of such receipt.

5.2 PURCHASE

The Partners hereby acknowledge that, in order to ensure that the Partners will be able to borrow sufficient funds to fund the acquisition of a Partner's Partnership Interest pursuant to Article 4, the Partnership has applied for Perspecta Universal Life Insurance Policy on the life of each of the Partners from The Standard Life Assurance Company. The Partnership may, from time to time, purchase such additional life insurance coverage on the life of a Partner as all the Partners consider necessary or advisable for the aforesaid purpose. All life insurance policies acquired to provide such funding shall be listed in Schedule "B" hereto and shall be subject to the provisions of this Agreement.

5.3 OWNERSHIP AND MAINTENANCE OF POLICIES

The Partnership shall ensure that the life insurance policies subject to this Agreement are at all times in good standing and in full force and effect, shall at all times be the policy owner of each such policy, shall be entitled at all times to receive the insurance proceeds payable on the death of a Partner under such policies and shall not, except as permitted under this Agreement or done with the consent of all the Partners, assign, transfer, dispose of, surrender, borrow against or upon, pledge, in any way encumber or exercise any right of ownership in respect of, or otherwise deal in any manner whatever with such policies.

5.4 PREMIUMS

The Partnership shall pay premiums in such amount or amounts and at such times under each of the life insurance policies subject to this Agreement as all the Partners shall decide from time to time and shall pay each premium as and when such premium becomes due under each such policy. If requested by a Partner, the Partnership shall provide such Partner with proof of payment of any premium. If the Partnership fails

to pay all or part of any premium under a life insurance policy subject to this Agreement within _____ (_____) days of the due date, any Partner shall have the right to pay the unpaid premium or portion thereof and to be reimbursed by the Partnership.

5.5 ASSISTANCE

The Partners shall do all things that may be necessary or desirable (including, without limiting the generality of the foregoing, the taking such medical examinations and tests by the Partners as may be requested by the life insurer with which the insurance will be purchased) to assist the Partnership in connection with acquiring life insurance coverage for the purposes of this Agreement or replacing, converting or dealing in any manner whatever with any life insurance policy subject to this Agreement.

5.6 INSURANCE PROCEEDS RECEIVED

Any insurance proceeds received by the Partnership as a consequence of the death of a Partner or former Partner under life insurance policies subject to this Agreement shall be applied in the following manner:

- (a) any such insurance proceeds shall be distributed to each of the Partners in such amount as all the Partners consider advisable:
 - (i) first, to satisfy their respective obligations, if any, to lenders (other than Partners or former Partners) in respect of borrowed funds used to acquire all or part of Partnership Interests pursuant to Article 4 and
 - (ii) second, to pay amounts owing by the Partners on Promissory Notes delivered pursuant to Subsection 4.4(b); and
- (b) any insurance proceeds remaining after giving effect to paragraphs 5.6(a)(i) and (ii) may be used in such manner as all of the Partners consider advisable.

5.7 TERMINATION

The Partners acknowledge, covenant and agree that in the event that this Agreement terminates as it relates to a particular Partner or in its entirety, that each Partner in respect of whom this Agreement shall terminate shall not be entitled to acquire absolutely from the Partnership each life insurance policy on the life of such Partner governed by this Agreement.

ARTICLE 6 - VALUATION

6.1 VALUATION

Upon the occurrence of an event giving rise to the acquisition and transfer and assignment of a Partnership Interest pursuant to Article 4, the Partners shall cause the accountants of the Partnership (hereinafter referred to as the "Valuator") to determine the fair market value of the Partnership. The fair market value arrived at by the Valuator shall be binding upon all of the parties hereto. The fees and disbursements of the Valuator shall be paid by the Partnership.

6.2 VALUATION PRINCIPLES

In determining the fair market value of the Partnership, the Valuator shall:

- (a) Subject to paragraph (b), value the assets and liabilities of the Partnership (other than _____) at their respective fair market value except that the goodwill of the Partnership shall be valued at _____; and
- (b) not take account of the occurrence of the death or disability of a Partner or the imminent possibility of the death or disability of a Partner.

6.3 FAIR MARKET VALUE OF PARTNERSHIP INTEREST

The fair market value of a Partner's Partnership Interest for the purposes of Article 4 shall be equal to the amount that results from multiplying the fair market value of the Partnership as determined by the Valuator by the Pro Rata Share of such Partner in the Partnership.

ARTICLE 7 - GENERAL SALE PROVISIONS

7.1 APPLICATION OF ARTICLE

Except as may be otherwise provided in this Agreement, the provisions of this Article shall apply to any transfer and assignment of a Partnership interest pursuant to Article 4, mutatis mutandis.

7.2 USE OF DEFINED TERMS

For the purpose of this Article, the term **"Date of Closing"** shall have the meaning attributed to such term in Article 4. The terms **"Vendor"** and **"Purchaser"**, as used in this Article, shall respectively mean any Partner transferring and assigning such Partner's Partnership Interest and any Partner or other person acquiring such interest, pursuant to and in accordance with to Article 4 and the Partnership Interest to be transferred and assigned by a Vendor to a Purchaser pursuant to Article 4 shall be referred to in this Article as the **"Purchased Interest"**.

7.3 VENDOR'S OBLIGATION AT CLOSING

At the Time of Closing, the Vendor shall:

- (a) assign and transfer the Purchased Interest to the Purchaser;
- (b) do all the things required in order to deliver good and marketable title to the Purchased Interest to the Purchaser, free and clear of all Encumbrances;
- (c) provide the Purchaser with evidence reasonably satisfactory to the Purchaser that the Vendor is not then a "non-resident" of Canada within the meaning of the Tax Act; and
- (d) deliver to the Partnership and the Purchaser a release by the Vendor in the Vendor's capacity as a Partner, employee and creditor of the Partnership of all claims against the Partnership and the Purchaser in the Vendor's capacity as a Partner, employee or creditor of the Partnership, except for any claims which might arise out of the transactions of transfer and assignment, and acquisition, of a Partnership Interest herein contemplated.

7.4 PURCHASER'S OBLIGATIONS AT CLOSING

At the Time of Closing, the Purchaser shall:

- (a) deliver to the Vendor a release by the Purchaser in the Purchaser's capacity as a Partner, employee or creditor of the Partnership of the Purchaser's claims against the Vendor in the Purchaser's capacity as a Partner, employee or creditor of the Partnership, except for any claims which may arise out of the transaction in respect of the transfer and assignment, and acquisition of, a Partnership Interest herein contemplated; and
- (b) cause the Partnership to deliver to the Vendor a release by the Partnership of all its claims against the Vendor with respect to any matter or thing arising as a result of the Vendor being or having been a Partner, employee or creditor of the Partnership, as the case may be.

7.5 INDEBTEDNESS OF PARTNERSHIP TO VENDOR

If the Partnership is indebted to the Vendor at the Time of Closing in an amount duly recorded in the books of the Partnership, the Partnership shall pay the full amount of such indebtedness by the delivery to the Vendor at the Time of Closing of a certified cheque or bank draft in immediately available funds payable to or to the order of Vendor.

7.6 INDEBTEDNESS OF VENDOR TO PARTNERSHIP

If, the Vendor is indebted to the Partnership at the Time of Closing in an amount duly recorded in the books of the Partnership, the Vendor shall pay the full amount of the indebtedness to the Partnership at the Time of Closing by the delivery of a certified cheque or bank draft in immediately available funds payable to or to the order of the Partnership.

ARTICLE 8 - TERMINATION

8.1 TERMINATION

Notwithstanding the provisions of the Partnerships Act of _____ (*enter name of Province*), the Partnership shall terminate only by the written agreement of the Partners. The Partnership shall not be terminated by the occurrence of any other act or event, including, without limiting the generality of the foregoing, by the retirement, death, disability, bankruptcy or insolvency of a Partner, the loss or termination of the professional membership of a Partner in the professional body which regulates the professional practice carried on by the Partnership for any reason, or the admission of a new partner.

8.2 ACTIONS ON TERMINATION

Upon the termination of the Partnership:

- (a) the assets and liabilities of the Partnership shall be determined by the Partners;
- (b) all debts, obligations and liabilities of the Partnership to third parties or to a Partner shall be satisfied and the balance of the net assets remaining shall be divided among the Partners in proportion to their respective Pro-Rata Share in the Partnership;
- (c) the work-in-progress of the Partnership shall be divided among the Partners in such manner that the Partners shall unanimously agree.

8.3 DEFICIENCY

In the event that the assets of the Partnership are insufficient to pay and discharge the debts, obligations and liabilities of the Partnership under Section 8.2, the Partners shall each be responsible for paying and discharging the amount of such deficiency in proportion to their respective Pro-Rata Share in the Partnership.

ARTICLE 9 - GENERAL CONTRACT PROVISIONS

9.1 NOTICES

Any notice or communication required or permitted to be given to any party under this Agreement shall be in writing and may be given by hand delivery to the party or sent by facsimile or similar means of recorded electronic communication or by mailing the same by prepaid registered mail, return receipt requested (except as otherwise specifically provided), addressed as follows:

- (a) to Partner 1 at: _____
Fax: _____
- (b) to Partner 2 at: _____
Fax: _____
- (c) to Partner 3 at: _____
Fax: _____
- (d) to Partner 4 at: _____
Fax: _____
- (e) to Partner 5 at: _____
Fax: _____

Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day) or, if mailed, on the fifth day following the date of mailing; provided, however, that if at the time of mailing or within three days thereafter there is or occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be hand delivered or transmitted by means of recorded electronic communication as aforesaid.

Any party may at any time change such party's address for receiving any notice or other communication from time to time by giving notice to the other parties in accordance with this section.

9.2 FURTHER ASSURANCES

The parties hereto agree to execute and deliver all such documents and do all such other acts and things as may be necessary or desirable to more completely and effectively carry out the terms and intention of this Agreement.

9.3 TIME OF THE ESSENCE

Time shall be of the essence of this Agreement and every part hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.

9.4 ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties hereto with respect to all of the matters herein and shall not be modified or amended or assigned except with the consent in writing of all the parties hereto.

9.5 BINDING EFFECT

This Agreement shall enure to the benefit of and be binding upon the parties and their respective heirs, executors, administrators, legal representatives, and permitted assigns.

9.6 TELEFAX/COUNTERPARTS

This Agreement may be executed by telefax or in two or more counterparts, each of which when so executed shall constitute an original and all of together to constitute one and the same instrument.

9.7 ACKNOWLEDGEMENT

Each of the parties hereto acknowledges and agrees that such party has been given the opportunity to obtain independent legal advice in connection with this Agreement and all of its terms.

IN WITNESS WHEREOF the parties have duly executed this Agreement.

SIGNED, SEALED AND DELIVERED

in the presence of:

PARTNER 1

PARTNER 2

PARTNER 3

PARTNER 4

PARTNER 5