PARTNERSHIP AGREEMENT
It is essential that the greatest care be exercised in the preparation and drafting of a partnership agreement. A clear, comprehensive and reasonable agreement may well minimise or prevent disputes or disharmony in the practice, safeguard the interest of the parties’ dependants and avoid income tax difficulties.

The intending partners should know in principle and outline what and why they intend to contract for. Their ideas should then be submitted to an attorney (or the attorneys of the various parties) in draft, for the preparation and finalisation of a partnership agreement. A draft partnership agreement is attached hereto. It has been drafted as simple and unambiguous as possible and cover the issues discussed below. This draft should be carefully considered by the parties before final agreement is reached. This draft, as well as other examples, serve only as guidelines. Each partnership agreement is, however, unique and expert legal advice is advisable. The draft agreement should also, if possible, be submitted to an accountant as he may well have useful comments to offer on methods of computation of drawings and goodwill and on tax liability.

In general, it should be remembered, that unless the agreement provides otherwise, it cannot be subsequently altered except with the consent of all the partners; and, in law any change in the composition of a partnership (by death or resignation, or by the introduction of a new member) automatically terminates that particular partnership relationship and a new agreement needs to be drafted in respect of the new partnership.

**USUAL CLAUSES**
The following are some of the more important clauses, which usually form part of partnership agreements involving the medical profession:

**DATE OF COMMENCEMENT**
The date of commencement of the partnership must be stated. It can either be at the time of signing or at some time before or after signing.

**DATE OF TERMINATION**
The date of termination may be a certain date, but will usually be upon the death or resignation of one or more partners.
NAME OF PARTNERSHIP
The name of the partnership and the names of all the partners to a maximum of 20, should be stated out in full. All the partners’ names or the name of one, or of certain partners, together with the words “and partners” may be used as the name of the partnership. The name of a partnership may be used by the “new” partnership which is established after the decease, retirement or joining of a partner.

LOCATION OF THE PRACTICE
The address of the practice should be stated.

CONTRIBUTION
The agreement should state clearly what each partner is obliged to contribute initially, whether it is a sum of money, equipment, or services. If money is to be paid, the date or dates of payment should be specified, as well as how and to whom payment should be made, and whether interest is payable. It should be stated towards what the contribution is made e.g. capital or goodwill.

ASSETS
The agreement should state clearly what assets are to be regarded as partnership assets; in particular which monies, equipment, books, outstanding debts, etc.

DRAFTS AND PROFITS
A partnership has by definition a profit-making objective, and it is imperative to provide clearly how much each partner is to receive monthly in the form of a draft or annually as a share of the profits (whether it will be a fixed amount or a percentage of the gross or the nett income), and also when and in what manner such share is to be paid. In general, in order to permit a partner and his family to budget accurately, the value of the share accrued or accruing should at any given time be readily ascertainable.

LOSSES
Generally, but not necessarily, the agreement will provide that partners shall bear losses in the same proportion as they share profits. The agreement should also provide for a definite date (e.g. the end of a financial year) when the profit-or-loss account shall be calculated.

EXPENSES
The agreement should state which expenses shall be for the partnership account (e.g. staff salaries, rent, municipal rates and taxed, maintenance, electricity, water, furniture, insurance, assistants and locums) and which for the personal account of each partner (e.g. transport, equipment).

**BANK**
Provision should be made for the opening of an account at a specified bank, and for signing powers.

**BOOKS OF ACCOUNT**
Proper books should be kept, preferably by a particular partner. An annual statement should preferably be prepared by an auditor, and copies made available to, and signed by, all partners.

**DUTIES OF PARTNERS**
The agreement should state whether partners must devote their whole time and attention to the partnership practice, and whether outside activities such as lecturing and participation in other medical practices are permitted, and, if so, whether any income derived from such activities shall be for the partnership or a personal account.
It may be desirable to provide specifically for night and weekend work.

**SURRETYSHIPS**
There should be a provision that no partner may become a surety or may provide security for any person. (While such an act would obviously not bind the partnership, it saves a partner explanations or embarrassment if he should ever be approached for assistance.)

**PRACTICE INSURANCE AND INDEMNITY COVER**
Provision should be made for the obtaining of full insurance cover. In this regard, it is always advisable to consult an insurance broker. The broker will be able to advise as to the availability and cost of insurance relating, for example, to the partnership premises and equipment, public liability, professional negligence, group life insurance, loss of profits through sickness, etc.
It is advisable that all the partners are members of the Professional Provident Society of South Africa and it should be stated that the partnership is liable for payment of membership fees. No partner is, however, compelled to become a member of such a society.
Regarding professional indemnity cover it is imperative that all partners are members of the Medical Protection Society.
VACATIONAL LEAVE AND SICK LEAVE
Clear provision should be made as to the periods of leave to which partners are entitled annually. Preferable, one partner should be responsible for leave arrangements.

LOCUM TENENTES
The conditions under which the partnership may appoint a locum tenens in the place of a partner should be set out.

APPOINTMENTS
The provisions should be agreed upon in terms whereof appointments may be accepted, e.g. whether industrial appointments required the consent of the other partners, and the need to resign from an appointment in the event of the appointee leaving the partnership.

PROFESSIONAL FEES
It should be provided that all fees for the rendering of medical services shall be paid into the partnership account.

RETIREMENT AGE
It is often provided that a partner shall retire on reaching of a certain age. Usually, a partner will be deemed to have retired if, through ill-health, he has been unable to practice for a certain period of time. Clear provisions should be made in this regard.

DEATH
The effect of the death of any partner upon the partnership should be clearly stated. Technically, the partnership dissolves, but is may be provided for that a new partnership commences immediately on the same conditions between the remaining partners. The “new” partnership agreement shall therefore be similar to the old one.

VOLUNTARY RETIREMENT OR RESIGNATION
Notwithstanding the conditions of the agreement, a partner is entitled at any time to resign from the partnership. (In certain circumstances he may, however, be liable for damages to the other partners.) In general, the agreement should provide for reasonable notice to be given to all the other partners of an intention to retire or to resign. Most agreements provide for compulsory retirement or resignation on account of insolvency, lunacy, misconduct, breach of the agreement, etc.
As stated above, retirement or death will terminate the partnership. If it is desired to create a new partnership between the remaining partners, the agreement must contain a clause to this effect.

**PAYMENT ON RETIREMENT, RESIGNATION OR DEATH**

This is one of the most difficult aspects of partnerships, both as to formulation and computation. All formulae have advantages and disadvantages. If it is provided that a fixed amount shall be paid out, it may be unfair to the retiring partner (or deceased estate) if the value of currency has depreciated, and if profits have risen; and to the remaining partners to have to pay a large amount unexpectedly, especially if the agreement has been of long standing. Again, if the payment is tied to earnings, it may cause inequity and prejudice if earnings have changed significantly over the years or if income tax scales are suddenly altered. The amount of the payment could possibly be adjusted according to the number of years that the retiring or deceased partner has been a member of the partnership.

One feasible suggestion is that the retiring partner should be paid out his capital account. This is a readily ascertainable and reasonable amount. It would of course require a clear demarcation between the partnership capital account and other accounts. The capital account would not be related in any way to the goodwill which a new partner might be required to contribute. To cover a new partner whose capital account would obviously be low in his early years, there could be a special clause extending a benefit on his retirement (otherwise than through his own conduct), or insurance could be effected. Thus, if he has paid Rx goodwill, repayment would be on the basis of:

- First year : four-fifths of Rx
- Second year : Three-fifths of Rx
- Third year : two-fifths of Rx
- Fourth year : one-fifth Rx

plus his capital account.

In general it is accepted that what a partner receives on leaving should not be regarded as his nest-egg for retirement. Disregard of this principle can be to the prejudice of the remaining partners; and, in addition, there are today numerous more effective means of securing the future. In principle, therefore, it is regarded of not being justified to require from a new partner a large amount to enter a practice in order that he might receive a considerable sum when he
ultimately leaves. It is preferable to require a reasonable contribution and to obtain the services of a partner, and for him to secure his future during his working life.

RESTRAINT OF TRADE
Most agreements provide that a retiring partner may not, after leaving, practice in a certain area for a certain time. In law such a provision will be binding and enforceable only if it is reasonable as to area and time. It is impossible to lay down guidelines, because the circumstances of each case will show whether the limitations are reasonable. Obviously a lenient and reasonable restraint clause, which a court will enforce, is preferable to a severe and unreasonable one which the court might declare void.

ARBITRATION
Dispute between partners can hardly be avoided, but clearly it would be in nobody’s interest to have lengthy and expensive legal proceedings. It is, therefore, advisable to have an arbitration clause, providing for arbitration under the Arbitration Act, 1965 by possibly (retired) colleagues in the medical profession.

December 1995

Compiled by : Esme Prins and Braam Volschenk from the Directorate: Medical Ethics & Legal affairs of the Medical Association of South Africa in consultation with PJ Vivier from Attorneys Borchardt & Hansen, Pretoria.
PARTNERSHIP AGREEMENT

MEMORANDUM OF AGREEMENT ENTERED INTO BY AND BETWEEN:

________________________________________________ (herein referred to as the First Partner)

and

________________________________________________ (herein referred to as the Second Partner)

and

________________________________________________ (herein referred to as the Third Partner)

BE IT HEREBY KNOWN THAT:

WHEREAS

The First and Second Partners have practiced together in partnership under the name ________________________________________________; and

The Third Partner is now joining the partnership; and

Consequently it is necessary to create a new partnership agreement between all parties involved;

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1. ESTABLISHING THE PARTNERSHIP

The parties agree, regardless of the date of signing hereof, to practice in partnership together with each other, calculated from ______________________ for an
indeterminate period of time, for the purposes as stipulated more comprehensively hereinafter, and subject to the further stipulations of this partnership agreement.

2. **NATURE OF PARTNERSHIP**

The partnership is entered into by the parties with the objective of doing business as a medical practice, including everything associated with such a practice.

3. **NAME AND ADDRESS OF PARTNERSHIP**

The partnership as described above, shall do business under the
Name ………………………………………………………………………………………
And at ……………………………………………………………………………………

4. **SHAREHOLDING OF THE PARTNERS**

4.1 The percentage of shareholding of each partner in the partnership shall be as follows:
4.1.1 First Partner:
4.1.2 Second Partner:
4.1.3 Third Partner:

4.2 Subject to the availability of funds, the parties shall receive the following monthly salaries, or drafts in anticipation of profits, whichever is the case, which salaries or drafts shall be revised annually:

4.2.1 First Partner:
4.2.2 Second Partner:
4.2.3 Third Partner:

4.3 In the event of the third partner not holding the same percentage shares as the other partners at the inception hereof, he shall nevertheless at any time thereafter (or after a period of twelve months of date hereof, be entitled to purchase an additional percentage of shareholding in the partnership so that each partner shall eventually have a 33 1/3% share in the partnership, and the partners are obliged to sell to each other, in proportion with their share in the partnership, in such a manner that eventually each will hold 33
1/3% share in the partnership. The selling and purchasing of a share shall take place on the following terms and conditions:

4.4 At the end of each financial year the nett profit of the partnership shall be divided and allocated according to the shareholding of the parties and if there is a loss, such loss shall also be borne to their percentage shareholding.

5. **MEETINGS**

5.1 Any partner is entitled to call a meeting of the partnership by reasonable notice to the other partners, regarding any matter relating to the partnership.

5.2 All decisions shall be made by majority vote, taking into consideration the percentage shares held by each partner.

5.3 Minutes shall be held of every meeting, which minutes shall serve as a written recordal of the decisions of the partnership.

6. **ACCOUNTING BOOKS OF THE PARTNERSHIP**

6.1 Accounting books shall be maintained internally by the partnership at all times of all transactions of the partnership.

6.2 The abovementioned bookkeeping shall at all times be done in accordance with recognized and prevalent principles of bookkeeping, taking into consideration and satisfying all legal requirements such as may from time to time be applicable.

6.3 All books and documents required in accordance with this purpose shall at all times be kept in safe custody, and shall at all times be accessible to each partner.

6.4 None of the partners shall at any time be entitled to make such books and/or documents available to any other person, firm or institution for inspection by them, before obtaining the written permission of the other partners beforehand.

6.5 The financial year of the partnership shall end on the 28th day of February each year.

7. **AUDITORS OF THE PARTNERSHIP**

7.1 The partnership shall have the bookkeeping of the business of the partnership checked and audited at the expense of the partnership every year as soon as possible after the 28th day of February, by an external practicing auditor who has been appointed by the partnership. As soon as possible thereafter the auditor shall make available to the partnership a proper balance sheet of the affairs of the partnership as at the close of
business on the 28th February of every year. Additional financial statements, as may seem to be necessary from time to time and/or as may be legally required, shall be prepared and drawn up by such auditors at the request of the partnership.

7.2 The abovementioned balance sheets and/or other financial statements shall on every occasion be signed by the partners together and each partner shall be entitled to a copy of each such statement, but each partner shall be obliged to a copy of each such statement, but each partner shall be obliged to utilize such copy at all times for personal use only, and be obliged at all times to keep such a copy in safe custody.

7.3 None of the partners shall at any time and in no manner whatsoever and for no purpose whatsoever be entitled to make known to any other person, firm or institution any information whatsoever appearing in the balance sheet or any other financial statements or arising there from or which may be deducted there from, without obtaining written permission from the other partner/s beforehand, and the balance sheet and other financial statements and the information contained therein, or arising there from, shall at all times be considered by the partners as being confidential. The partners shall have the right to consider any breach of the foregoing conditions as a substantive breach of the conditions of this agreement.

8. **BANKERS**

8.1 The account/s of the partnership, which account/s shall be necessary for the proper and efficient functioning of the business of the partnership, shall be held with such bankers as decided upon by the partners from time to time.

8.2 All moneys received by the partnership for whatever purpose and from whatever source shall be deposited in such mutual partnership account/s and all payments by the partnership, excluding such obligations as are normally and reasonably met through petty cash, shall be paid by cheque, drawn against the partnership account.

8.3 Each partner is entitled to draw cheques against the partnership account for the pursuance of the business of the partnership.

8.4 The partners agree to arrange with the bankers of the partnership from time to time such credit facilities regarding the partnership account as may be required in order to furnish working capital and/or to allow the partnership business to function efficiently.

9. **DUTIES OF THE PARTNERS:**
9.1 The partners shall as soon as possible after the signing hereof, at a partnership meeting, appoint a managing partner, which partner shall be appointed annually, and who shall manage the administration of the partnership on behalf of and for the benefit of the partnership, and who shall oversee the execution of the necessary administrative actions in accordance herewith. The managing partner is hereby authorized to sign all necessary documentation on behalf to eh partnership.

9.2 The partners shall apply themselves at all times in a proper honorable and dedicated manner to the work of the partnership and for the promotion and extension of their medical practice in general. No partner shall be allowed to obtain a direct or indirect interest in any other partnership with a similar nature, unless specifically agreed thereto.

9.3 The partners shall be completely open toward each other in all matters relating to the partnership.

9.4 Every partner shall further the interests of the partnership as if they are the interest of each such partner’s own business and shall furthermore do everything in his power to manage the practice on a profitable basis, always however, according to applicable medical norms and standards.

9.5 None of the partners shall, without the knowledge and approval of the other partners/s:

9.5.1. apply any assets or moneys belonging to the partnership for personal purposes, or attach the credit of the partnership, or incur any debt against the partnership, other than in the normal practice of the business and for the furtherance of the partnership.

9.5.2. authorize any compromise, exemption or discharge of any amount owing to the partnership;

9.5.3. personally bind himself as surety and/or principal debtor for any individual or legal person.

10. **VACATIONAL LEAVE AND SICK LEAVE:**

**Vacational leave**

10.1 Each partner is entitled to vacational leave of 25 working days (or such vacational leave as the partners may agree on among themselves from time to time). Vacational leave may be taken at such time as the partners may mutually agree among themselves.

**Sick leave**

10.2 Each partner is entitled to annual sick leave of 10 working days, or to a period of 30 working days sick leave per every cycle of three years, while retaining his full drafts against profits or salary, whichever is the case.
10.3 It is placed on record that all the partners are members of the Professional Provident Society of S.A. (PPS). In the event of one or other partner not yet being a member of the PPS, such partner undertakes to become a member of PPS within 30 days of date hereof.

10.4 In the event of sickness of a partner, that partner is obliged to apply immediately for payment of his benefits from PPS and all such income and/or receipts from PPS must be deposited in the partnership’s account until that partner leaves the partnership, or PPS ceases to pay such benefits. These receipts shall be applied by the partnership in the partial payment of the profit or salary which may be owing to the partner. Alternatively the benefit from PPS shall be accrued to the salary or profit of the particular partner entitled to it.

11. INSURANCE

11.1 Each partner is obliged to take out life and disability insurance with capital value of not less than R______________ from a registered insurance company which has been agreed upon, for the purposes of this partnership, and on each other’s lives.

11.2 In addition each partner is obliged for the duration of this partnership to take out indemnity cover in the form of The Medical Protection Society Limited, details of which shall be obtained by the managing partner from the Medical Association of South Africa. Proof of membership shall be handed in at the partnership office by each partner upon signing hereof. Membership must be renewed each year, and such renewal must be filed each time at the partnership office.

11.3 Premiums on the life and disability insurance and indemnity cover shall be paid by the partnership and debited to the loan account of the particular partner.

11.4 The proceeds of the life and disability insurance policy which may be paid out to the partners shall, without prejudice to and in accordance with the stipulations hereof, be paid by the partners who received the proceeds, to the executor of the estate of the deceased partner, or in the event of permanent disability, directly to such partner.

11.5 The life and disability insurance policies of the various partners must be filed at the office of the partnership within 30 days of date hereof and shall be available for inspection by any partner.

12. DISSOLUTION OF THE PARTNERSHIP:
12.1 Apart from and excluding any other legal requirements that may be applicable to the
dissolution of partnerships, the partnership in existence between the parties and more
specifically at the occurrence of one or more of the following events, shall dissolve and
the directions as stipulated below shall be applicable between the parties in regard to
every ground for dissolution:

12.1.1 the decease of any one of the partners;
12.1.2 three month’s written notice to the remaining partners of resignation by one or more of
the resigning partners;
12.1.3 notification by the majority of the partners to another partner who has rendered himself
culpable in the breach of the conditions of this agreement and/or misconduct and/or
irreparable violation of the mutual trust and good faith between the partners. Such notice
may also be given to a partner who does not satisfy the accepted medical standards
required of a medical practitioner, and/or who does not take proper care of a patient of
the partnership, and/or where a partner is struck from the roll of medical practitioners
and/or where a restriction is placed by the Interim National Medical and Dental Council
of South Africa, or its successors in titled, on the activities of a partner as medical
practitioner;

The notice may however only be given:
(a) After the specific partner has been given a notice to attend a meeting with all the
other partners to respond to the allegations made to him; and
(b) During which meeting he has been given an opportunity to reply to the
allegations; and
(c) After the meeting the partners by majority vote have decided to give such notice.

12.1.4 retirement due to age as stipulated herein;
12.1.5 mutual agreement between the parties;
12.1.6 the extended absence due to sickness of a partner and his resultant withdrawal.

12.2 DISSOLUTION THROUGH THE DECEASE OF ONE OF THE PARTNERS:

12.2.1 in the event of the partnership being dissolved through the death of one of the partners,
the remaining partners shall in their own discretion have first right to acquire the assets of
the partnership and to continue the business of the partnership thus dissolved on the
same terms and conditions stipulated herein;
12.2.2 The executors, heirs and/or successors to title of such deceased partner shall upon the
death of such partner be entitled to the following:
the amount creditable to the capital account of the deceased partner in the partnership, which amount shall be paid by the remaining partner/s to the executors, heirs and/or successors to title of such deceased partner as speedily as possible, but in any case within (12) twelve months; and

12.2.2.1 the deceased partner’s share in income in regard of work done before his death but for which no remuneration has been paid, which amount shall be determined according to recognized accounting principles, and which shall be paid as soon as possible thereafter, but in any case within a period of 12 months after the share in this regard of such a partner has been determined, to the executors, heirs and/or successors to title of such a partner; and

12.2.2.2 a percentage of the capital amount of the insurance policy equivalent to the percentage shareholding of the deceased partner in the partnership which amount is payable from the proceeds of the insurance policy taken out for the purposes of the partnership as stipulated herein, and which amount shall be deemed to be payment in lieu of goodwill for the purposes of this clause.

12.2.2.3 In the event of the insurance company with whom such policies are taken out, refusing to pay out for whatever reason to the remaining partner/s, the executors, heirs and/or successors to title, notwithstanding anything mentioned herein above, shall not be entitled to any share in the goodwill which the deceased partner may have possessed, but the executors, heirs and/or successors to title, shall be entitled to any refunded monies in regard to refunded premiums and the capital account and monies still outstanding of the deceased partner.

12.2.3 In the event of the insurance company refusing to pay out as stipulated above, the executors, heirs’ and/or successors to title shall nevertheless be entitled to sue the insurance company at their own cost for specific compliance or otherwise. In the event of their actions being successful, the proceeds thereof shall be divided according to the stipulations hereof.

12.3 DISSOLUTION THROUGH NOTICE OF WITHDRAWAL AND THROUGH NOTICE OF DISSOLUTION

12.3.1 In the event of the partnership being dissolved on the grounds mentioned in paragraph 12.1.2 and 12.1.3, the remaining partners Shall have first right in their own discretion to
continue the business of the partnership thus being dissolved, and to acquire the assets and incur the liabilities thereof;

12.3.2 The withdrawing partner shall on the date of his withdrawal be entitled to his share in the partnership of the furniture, equipment, outstanding debtors' account and cash on hand, less his equivalent percentage share in any liability of the partnership. In addition the withdrawing partner shall also be entitled to the payment of goodwill calculated according to clause 12.3.5 hereof. In the event of such withdrawing partner practicing as medical practitioner at any time within the first 12 months after such withdrawal and without the written consent of the remaining partners thereto, which consent will not unreasonable be withheld, he shall not be entitled to the payment of any goodwill. In the event however, of his not practicing as medical doctor, he shall be entitled to the payment of goodwill.

The share in the partnership (excluding goodwill) shall be calculated according to recognized accounting and or other methods agreed upon.

12.3.3 The withdrawing partner shall furthermore be entitled on the date of his withdrawal to the amount of his capital account as at the date of his withdrawal;

12.3.4 Any medical services to be rendered to patients shall be rendered by the remaining partners;

12.3.5 Goodwill shall be calculated as follows:

12.3.5.1 At the withdrawal of a partner within the first 12 months of signing hereof, goodwill shall be calculated by multiplication of the percentage shareholding of that partner by the amount of R _______________

12.3.5.2 In the event of a partner withdrawing at any time thereafter, goodwill shall be calculated with reference to the gross fees of the particular partner of the previous 12 months multiplied by 2 multiplied by the percentage shareholding of the withdrawing partner.

12.3.6 Any amount owing to the withdrawing partner due to his withdrawing on the grounds applicable here, shall be paid to such withdrawing partner in equal amounts within the period of 60 months. Such amount owing shall accrue interest at the applicable prime interest rate less 5%.

12.3.7 The withdrawing partner shall, pending an outstanding amount in Terms of clause 12.3.2 and 12.3.3 not be entitled to the insurance policy referred to herein above and the partnership shall at the same time be obliged to pay the premiums on such insurance policy up to and until final payment of the outstanding amount referred to in paragraph 12.3.6 or up to and until the date of decease of such withdrawing partner. In the event of the withdrawing partner passing away before payment of the amount owing to him, the proceeds of the aforementioned insurance policy shall be applied by the partnership in
accordance with the stipulations of clause 12.2 above. On withdrawal, the policy contract remains in the possession of the withdrawing partner, unless the parties agree otherwise.

12.3.8 In the event of the remaining partner/s deciding not to continue in the practice, the partnership may be liquidated or dissolved and the nett proceeds thereof, if any, shall be paid to each partner in accordance with his shareholding. In the event of the remaining partner/s continuing in the partnership, the obligation of payment of the amount referred to in clause 12.3.2 and 12.3.3 shall continue to exist.

12.4 WITHDRAWAL DUE TO AGE
12.4.1 It is permissible for any partner to retire at the age of sixty (60) years, but each partner shall be obliged to withdraw from the partnership at the age of sixty five (65) years, unless the parties agree otherwise.
12.4.2 In such a case the stipulations of clauses 12.3.2 to 12.3.8 shall be applicable mutatis mutandis.

12.5 DISSOLUTION BY AGREEMENT:
12.5.1 The partners may at any time during the existence of the agreement mutually agree to dissolve the partnership. In that event a liquidator shall be appointed by the partnership who shall be authorised to liquidate the assets of the partnership and pay the nett proceeds thereof to each partner according to the percentage shareholding of each partner.
12.5.2 In the event of the partnership dissolving, each partner shall be obliged to notify the patients treated by him of the dissolution and to inform such patient, who shall in future handle the file of the particular patient.

12.6 DISSOLUTION AFTER EXTENDED ABSENCE DUE TO SICKNESS
In the event of the remaining partners exercising their discretion to dissolve the partnership in the case of extended absence due to sickness as intended in paragraph 12.1.8, or in the event of a partner becoming permanently medically disabled, and as a result thereof not being able to do his work, (which disability must be determined by the insurers who underwrite the life and disability insurance policy,) the following stipulations shall be applicable.

12.6.1 The remaining partners shall be entitled to acquire the partnership and to continue the business of the partnership.
12.6.2 With regard to the withdrawing partner the stipulations of clauses 12.3.2 to 12.3.8 shall be applicable mutatis mutandis; in the event of the extended absence of the partner and in
the event of permanent disability as intended herein the stipulations of clause 12.2.2.1 to 12.2.2.3 shall be applicable;

12.6.3 in the event of the remaining partners deciding in this instance not to continue the business of the partnership and not to acquire the assets and incur the liabilities thereof, the partnership shall be liquidated and clause 12.5 shall be applicable.

13. **GOODWILL**

Excluding and apart from the aforementioned stipulations of this agreement, no additional or other amounts or remuneration of any nature whatsoever shall be owed by the partners reciprocally to each other in terms of goodwill.

14. **SURETYSHIP**

Save for the terms of clause 9.5.3 hereof, the parties shall sign jointly as guarantors in their personal and corporative capacities for any bank overdraft and any other debt in the partnership in proportion to their shareholding, unless the financial institution requires all partners to incur equal liability, in which case each one must incur such liability.

15. **ARBITRATION**

15.1 In the event of dispute arising between the parties issuing from or in regard to this agreement, such dispute shall be referred for arbitration.

15.2 The partners shall appoint an arbiter, and in the event of failure to reach an agreement regarding the appointment, an Advocate, lawyer or auditor with a minimum of ten years’ experience shall be appointed by the auditor of the partnership.

15.3 The procedure of the arbitration proceedings shall be determined by the arbiter.

15.4 The decision of the arbiter shall be accepted by the parties as the final calculation.

16. **BREACH OF CONTRACT**

In the event of any partner committing a breach of any substantive stipulation or condition of this agreement, the disadvantaged partners shall, after a decision in this regard has been made, notify the partner in default in writing of the breach, demanding in such writing of him that the breach be rectified within 30 days of receipt of such document, at default of which the partnership may take action in terms of the stipulations
of this agreement, and inter alia dissolve the partnership, alternatively warn the partner in default to rectify the breach of this agreement, (if it is possible to be rectified), alternatively in certain cases to demand specific compliance of the partner in default.

17. **DOMICILIUM**

The parties choose as their domicilia citandi et executandi for all purposes hereof, whether of court proceedings, notices or other documents, the following addresses:

First partner : 
Second partner : 
Third partner : 

18. **NOTICES**

18.1 The abovementioned addresses may be changed at any time by a written notice to that effect by one partner to the managing partner.

18.2 Any notice sent to a party by registered mail to him at his domicilium shall be deemed to have been received by him on the 4th day after it is posted.

19. **RESTRICTING CONDITIONS**

Each partner undertakes:

19.1 For the duration of this agreement not to be involved, directly or indirectly, in the provision of medical services for or on behalf of any other medical practice in whatever form, without the written approval of the partnership; and

19.2 for the duration of this agreement or after the termination thereof, not to do or say anything which is calculated to denigrate the reputation of the partnership; and

19.3 in the event of withdrawal from the partnership as intended in clauses 12.1.2, 12.1.3 and 12.1.4 hereof, not to practice as medical practitioner directly or indirectly within a radius of 20 kilometers of the partnership practice or practices.
This prohibition implies that such withdrawing partner is not entitled to receive Telephonic instructions and/or appointments from patients within 20 kilometers Radius.

THUS DONE and SIGNED at .................................................................
this the ..................... Day of .................................................. 200 ...

AS WITNESSES:

1. ........................................

........................................
FIRST PARTNER

2. ........................................


THUS DONE and SIGNED at .................................................................
This the ..................day of ............................................. 200 ..

AS WITNESSES:

1. ........................................

........................................
SECOND PARTNER

2. ........................................


THUS DONE and SIGNED at .................................................................
This the ..................day of ............................................. 200 ..

AS WITNESSES:

1. ........................................

........................................
THIRD PARTNER

2. ........................................