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1 ARTICLES OF PARTNERSHIP Made this 1st day of February,
2 1958, between JOHN T. TAKACS, JR., hereinafter called "JOHN", and
3 RICHARD A. TAKACS, hereinafter called "RICHARD":
4

5 W I T N E S S E T H:

6 WHEREAS, the parties hereto, hereinafter called "PARTNERS",
7 have been operating as a partnership from January 1, 1949, for
8 the purpose of engaging in general farming business; and
9

10 WHEREAS, the partners wish to reduce their partnership
11 agreement to writing; and
12

13 WHEREAS, the partners consider it to be to the mutual
14 advantage of themselves and their respective estates to enter
15 into an agreement whereby, upon the death of one of them and the
16 survival of the other, the estate of the deceased partner will
17 be obligated to sell and the surviving partner will be obligated
18 to purchase the interest of the deceased partner in the partnership
19 business at a price deemed by the partners to be just and fair
20 to all concerned; and,
21

22 WHEREAS, the partners desire to assure themselves that when
23 the need arises, the surviving partner will have sufficient funds,
24 separate and apart from his share of the partnership assets, to
25 pay such purchase price or a substantial portion thereof, in
26 cash;
27

28 NOW, THEREFORE, in consideration of the mutual agreements
29 and undertakings of the partners as hereinafter set forth, the
30 partners covenant and agree to and with each other under the laws
31 of the State of Oregon as follows:
32

ARTICLE I

A. NAME

The name under which the partners shall conduct their business
shall be TAKACS AND TAKACS. The partners agree to comply with
the statutory requirements of each State in which they shall
transact business concerning the employment of fictitious names

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1 and shall comply with the laws of the various States where the
2 partnership shall be required to provide a certificate of fictitious
3 name.

4 B. DURATION

5 Said partnership originated as of January 1, 1949, and shall
6 continue until it is terminated as provided herein.

7 C. PURPOSE

8 The purpose of this partnership shall be to engage in the
9 general farming business and any related business in connection
10 therewith.

11 ARTICLE II

12 A. CAPITAL

13 The partners shall contribute any capital necessary for the
14 operation of the partnership. For the purposes of this agreement
15 it is understood and agreed that, at the present time, the following
16 are assets of the partnership:

17 1. The real property in Klamath County, Oregon, known as
18 the O'Keefe Ranch, which said real property is more particularly
19 described in deeds recorded in Vol. 231 at pages 102 and 104 of
20 Klamath County Deed Records on May 9, 1949. (It is expressly
21 understood and agreed that this property was conveyed through over
22 sight to the individual partners and their wives so that each
23 partner and his wife at the present time owns of record an
24 undivided one-half interest therein, as tenants by the entirety
25 and it is further agreed that said partnership shall be entitled
26 to use real property rent free, but shall pay all taxes and
27 irrigation assessments on said real property.)

28 2. The grain elevator located on the South side of the
29 Southern Pacific Railway tracks at the Merrill Railway Station
30 across Lost River, South of Merrill, Oregon.

31 3. Stock in United Fund.

32 4. Stock in Valley Nitrogen.

1 5. Miscellaneous farm equipment, supplies, operating
2 capital as reflected on the books of the partnership.
3 The foregoing enumeration of specific items shall not be
4 construed as excluding other items owned by the partnership
5 which are not listed in detail. All assets considered by the
6 partners and reflected on the partnership books as partnership
7 assets are included in this provision.

8 B. MAINTENANCE OF CAPITAL ACCOUNT

9 An individual capital account shall be maintained for each
10 partner and the capital contribution of each partner shall not
11 be subject to withdrawal except by unanimous agreement of the
12 partners or upon dissolution.

13 C. PROFITS AND LOSSES

14 The net profits and net losses of the partnership shall be
15 distributable or chargeable to each of the partners on an equal
16 basis and both the losses and profits shall be shared equally.
17 An individual income account shall be maintained for each partner.
18 The profits and losses shall be credited and debited to each
19 individual income account of each partner as soon as practicable
20 at the close of each year. If there be no balance in the
21 individual income account, net losses shall be debited to the
22 individual capital account. If the capital account of any partner
23 shall have been depleted by the debiting of losses under this
24 paragraph, the profits of that partner shall not be credited to
25 his income account until the depletion shall have been made good,
26 but shall be credited to capital account. After the depletion
27 of his capital account shall have been made good, his share of
28 the profits thereafter shall be credited to his income account.

29 ARTICLE III

30 A. BANK ACCOUNTS

31 The partnership shall maintain such bank account with such
32 bank or banks as may be agreed upon by the partners. All funds

1 of the partnership shall be deposited in the partnership name in
2 such account or accounts as may be established under this Article.

3 B. RECORDS

4 The partnership shall keep such records as may be required
5 from time to time. All books of account shall accurately record
6 all transactions of the partnership. The books shall be kept at
7 the principal business place of the partnership and shall be at
8 all times open to the inspection of the partners or their authorized
9 agent.

10 ARTICLE IV

11 A. DUTY TO WORK FOR SUCCESS OF PARTNERSHIP

12 Neither of the partners shall be required to devote his full
13 time to the partnership business, as it is expressly understood
14 and agreed that each partner intends to carry on farming operations
15 on his own behalf in addition to those conducted by the partnership,
16 but each partner shall contribute equally in time and effort to
17 the partnership and each shall contribute all the time and effort
18 necessary to successfully conduct the business of the partnership.
19 Richard shall be responsible for keeping the accounts and records
20 of the partnership, which said accounts and records shall be open
21 to examination by both partners at all times.

22 B. TRANSACTIONS IN PARTNERSHIP NAME

23 1. In General: All business shall be transacted, had and
24 done under and in the assumed business name of the partnership.
25 All bank deposits, accounts, checks, drafts, evidence of indebted-
26 ness and negotiable instruments of all kinds and all contracts
27 and instruments in writing shall be made, taken and carried and
28 issued under and in said assumed business name, provided that the
29 partners, when required, may execute any such documents or
30 instruments also in their respective individual names for the
31 purpose of advancing credit or securing loans or advancements or
32 credit rating to said partnership. All property, real or personal,

1 and all debts, bills of sale, contracts, invoices, trade acceptances,
2 notes, bonds, stocks, negotiable instruments of all kinds and all
3 other instruments and rights taken or received by or for the
4 benefit of said partnership in the name of said John and Richard,
5 or in the joint names of the partners shall conclusively be
6 presumed to be the property of the partnership unless otherwise
7 expressly agreed in writing.

8 2. Managing Partner: The partners hereby designate Richard
9 as the managing partner of the partnership. His duties shall
10 include the keeping of the records, purchasing of supplies, the
11 hiring and discharging of employees, and general business dealings
12 on behalf of the partnership with the general public.

13 3. Treasurer: To the extent that a treasurer is necessary,
14 Richard shall be the treasurer of the firm and shall sign all
15 checks for the payment of all expenditures of the partnership
16 other than capital assets in excess of \$1,000.00.

17 4. Limitations: No partner, without the consent of the
18 others shall:

19 (a) Purchase any partnership capital assets of more
20 than \$1,000.00 in any one purchase;

21 (b) Borrow money in the partnership name for partner-
22 ship purposes or utilize collateral owned by the partnership
23 as security for any such loan;

24 (c) Assign, transfer, pledge, compromise or release
25 any of the claims due to the partnership except on payment
26 in full except that the partners may delegate authority to
27 compromise bills to one of the partners by written authori-
28 zation;

29 (d) Arbitrate or consent to the arbitration of any
30 dispute or controversy of the partnership;

31 (e) Make, execute, deliver, endorse, or guarantee any
32 commercial paper, nor agree to answer for, or indemnify

1 against, any act, debt, default, or miscarriage of the
2 partnership.

3 5. Equal Voice: Notwithstanding the foregoing, each partner
4 shall have an equal voice in all questions relating to the general
5 policy of the partnership and any matter of controversy or a
6 difference of opinion between the partners.

7 ARTICLE V

8 INCAPACITY, RETIREMENT, WITHDRAWAL OR EXPULSION OF A PARTNER

9 A. INCAPACITY OF A PARTNER

10 1. Incapacity Shall Not Work Dissolution: If either partner
11 shall become incapacitated, for any reason, to a degree which
12 prevents him from engaging actively in the partnership, such
13 incapacity shall not work a dissolution of the partnership and
14 such incapacitated partner shall continue, until the end of the
15 calendar year during ^{which} the date of his incapacity shall occur, to
16 receive the same percentages of profits that he would have received
17 were he not so incapacitated. If the incapacity of the partner
18 should continue beyond the end of such calendar ^{year,} the partners may
19 then either continue the partnership on a mutually agreeable
20 basis as the partners shall then agree, or the other partner shall
21 purchase the interest of the incapacitated partner as hereinafter
22 provided. In no event shall there be a dissolution of the partner-
23 ship and the other partner is hereby bound to purchase the interest
24 of the incapacitated partner as herein provided.

25 2. Proof of Incapacity: Proof of incapacity and date thereof
26 shall be by competent medical opinion. If the other partner is
27 not satisfied with the medical opinion provided by the incapacitated
28 partner, further medical examination and medical opinion may be
29 obtained at the expense of the other partner.

30 B. RETIREMENT OF A PARTNER

31 A partner shall have the right to retire from the partnership
32 at the end of any calendar month. Written notice of intention to

1 retire shall be served upon the other partners at the office of
 2 the partnership at least one month before the date of retirement.
 3 The retirement of a partner shall have no effect upon the con-
 4 tinuance of the partnership, and the continuing partners shall
 5 purchase the interest of the retiring partner as hereinafter
 6 provided.

7 C. WITHDRAWAL OF A PARTNER

8 A partner shall have the right to withdraw from the partner-
 9 ship at the end of any calendar month. Written notice of intention
 10 to withdraw shall be served upon the other partners at the office
 11 of the partnership at least one month before the date of with-
 12 drawal which shall be at the end of any calendar month. The
 13 withdrawal of a partner shall have no effect upon the continuance
 14 of the partnership and the continuing partners shall purchase the
 15 interest of the withdrawing partner as hereinafter provided.

16 D. RESTRICTION ON TRANSFER

17 No partner may sell, assign, transfer or otherwise dispose
 18 of his interest in the partnership or any of the partnership
 19 property or assets except as hereinafter provided, nor mortgage,
 20 pledge, hypothecate or otherwise give as security or encumber his
 21 interest in the partnership property or assets except with the
 22 written consent of the others first had and obtained.

23 E. PURCHASE OF INTEREST OF AN INCAPACITATED, RETIRED OR WITHDRAWN

24 PARTNER

25 1. The purchase price of the interest of an incapacitated,
 26 retired, or withdrawn partner in the partnership shall be deter-
 27 mined by the following formula:

28 (a) The partners shall determine the fair market value
 29 of the assets of the partnership effective as of the end of
 30 the calendar year if the requirement to sell and purchase
 31 accrues after commencement of the crop year or as of one of
 32 the following dates if the requirement to sell and purchase