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Recommended Citation

Bernard D. Hirsh, *The Medical Partnership*, 13 DePaul L. Rev. 28 (1963)
Available at: <https://via.library.depaul.edu/law-review/vol13/iss1/4>

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THE MEDICAL PARTNERSHIP

BERNARD D. HIRSH

ALTHOUGH approximately 100,000 physicians in the United States engage in practice as partners, it is still common for medical partnerships to be formalized by only a handshake and a vague oral understanding. Even where the parties have entered into a written agreement its terms are often so general as to do little more than acknowledge the existence of a partnership. It is true that there is a vast body of statutory, case law and common law precedents which govern the legal responsibilities of partners to one another and the public in the event of litigation, but this is not enough. A professional partnership requires a comprehensive set of written rules which will govern its daily operations so that the potential disputes which lead to premature dissolution and litigation can be avoided.

Experience indicates that a substantial contributing factor to the high mortality rate of medical partnerships is the failure of the parties to negotiate and decide the basic essentials of their relationship and mutual obligations prior to embarking upon partnership practice. The lawyer who is called upon to assist in establishing a partnership has a greater obligation than that of a scrivener. He should be able to spot potential areas of dispute and guide the parties to a reasonable agreement, if this is possible. If the parties cannot come to an advance agreement with respect to the management of partnership affairs, it is, of course, better to terminate negotiations than to create a partnership destined for untimely termination.

The purpose of this article is to provide the lawyer with some insight into the practical considerations involved in a medical partnership so that he can be of better service to his physician-clients. The informed lawyer can stimulate the prospective parties to a medical partnership toward better communication between themselves with respect to the areas in which they should establish rules for their future relationship.

Director, Law Department, American Medical Association; B.S., Northwestern University, 1935; LL.B., 1937.

PARTNERSHIP VS. SOLO PRACTICE

Often, the overworked doctor will think of taking in a young partner to assist him in a practice which seemingly has grown too big for him to handle alone. Unless a study is made to determine whether the practice is sufficient to financially support an additional doctor, embarking on a partnership can have serious economic consequences. An analysis of how he is spending his time may indicate that the overworked doctor is spending too much of his day in administrative detail which could be handled by a secretary. Perhaps his need for help could be satisfied by employing an additional nurse, to perform many of the routine tasks that can be delegated to a competent nurse. The standards of professional nursing training and practice have advanced rapidly in recent years. Nurses are now qualified and customarily perform numerous techniques that were formerly restricted only to doctors.

The new physician.—Whether a young physician should choose partnership to solo practice involves a fundamental step in planning his career. In considering affiliation with an established practitioner he may find his initial financial opportunities greater than he might anticipate in starting his own practice, but sometimes this may be at the price of future earnings and professional individuality.

Occasionally, two physicians who are close friends may decide to begin a new practice as partners after completing their training. It is true that friendship is an important bond in creating a successful partnership, but the economics of the situation cannot be ignored. Experience has demonstrated that beginners do not have enough to offer each other. On the other hand, after each has had the opportunity to establish a successful individual practice, and to demonstrate his separate capability to build a practice, they are better able to evaluate whether each can contribute his fair share to a partnership practice.

The best reason for a medical partnership is the desire to combine professional resources and talents for the more effective practice of medicine. In a small group, doctors in the same field or specialty are best able to help one another and improve the quality of their practice. In a large group the same result can be achieved with at least two or three physicians practicing in each specialty, and with the added advantage of providing total medical care and inter-specialty assistance.

PARTNERSHIP DISAGREEMENTS

In all human relationships differences of opinion are bound to occur occasionally. The success of a medical partnership depends upon the professional and personal compatibility of its members. If disagreements occur too frequently, dissolution is inevitable.

Prospective partners should attempt to evaluate each other in terms of potential areas of friction. Differences in age and training provide a difficult cause of conflict. The senior partner may lean heavily upon his years of experience while the junior partner may feel that his own medical knowledge is more current. The situation can become a serious problem when the junior is overruled in his professional judgment or the patient senses a conflict when he is alternately treated by both doctors.

The potential for clashes in personality must be carefully considered. Prospective partners should know each other and be exposed to each other's idiosyncrasies for a long time before considering partnership. The compatibility of the wives, too, should not be ignored. Many sound medical partnerships have been destroyed by battling wives or a wife who has convinced her husband that his partner is mistreating him.

Why some partnerships fail.—The professional competence of the partners does not guarantee the success of a medical partnership. Wherever doctors meet, stories are told about partnerships that failed because a partner embarrassed or irritated his associates by his disposition or personal problems. These difficulties may not develop until after the partnership has been in existence for some time. Nevertheless, physicians who contemplate partnership should make prior inquiry regarding each other. Any suggestion that there is a potential problem should be considered carefully before a partnership is consummated.

Some partnerships collapse because of disagreement between partners regarding methods of treatment or the feeling that the other partner is not carrying his fair share of the patient load. However, partnership failures may be attributed to minor irritations which would seem inconsequential to an outsider. For example, the junior physician may resent the fact that office aides cater to the senior physician without displaying the same eagerness to do his bidding.

CONTRACT PROVISIONS

If a successful partnership is to be created, the parties must fully understand the obligations which each is willing to undertake. Rules must be established in contemplation of the numerous situations that are likely to arise. This is the function of the partnership contract.

Where two established doctors combine their practices to form a partnership, the division of earnings usually begins on a 50-50 basis. The exception is where one of the practitioners has a substantially larger practice, and even here the objective should be an equal division of earnings within a relatively short period if dissatisfaction is to be avoided. If the practitioner with the larger practice cannot foresee sufficient growth in the joint practice or personal advantage to justify an equal sharing of earnings within a few years, he might reconsider the advisability of a partnership.

The situation is different where the physician is entering into a partnership with an employed associate or another physician who has been in practice only a few years or less. Assuming both will contribute equally in time and effort to the partnership practice and both are in the same field of practice, an equal division of earnings is customarily reached in about five years. There is, of course, no precise yardstick that can be used in determining a fair division of earnings between partners. The equal division of earnings from a moderately successful practice, or one with a limited potential, may not be nearly as desirable from the standpoint of the junior physician as the opportunity for a smaller percentage in a practice with an outstanding doctor.

In sharing his practice with a partner who has no practice to contribute, the senior partner can normally expect to sacrifice part of his own income for at least a year. After that, the normal growth in his own practice, plus the ability of the junior man to attract his own patients, should restore the initial loss of income.

CAPITAL CONTRIBUTIONS

Although professional competence, congenial temperament and the ability to attract patients are primarily essential for the success of a medical partnership, the importance of capital cannot be overlooked. Often, a qualified young man will be required to make little or no investment at the outset. Frequently, senior partners are willing to

make the original capital contributions, allowing the juniors to make their capital contributions in installments from future earnings.

Equipment.—Where assets belonging to an individual partner are to be used by the partnership, it is not necessary that such assets be contributed to the partnership as capital. For example, a radiologist who owns equipment that is to be used in a radiology practice may find it desirable to lease the equipment to the partnership. The rental should be at least sufficient to reimburse him for the cost of equipment on the expiration of its normal life.

Office building.—Usually it is desirable to avoid the inclusion of medical buildings in the capital of the partnership. Where a medical partnership owns its own building, a problem is created when a partner dies, retires or withdraws and it becomes necessary to purchase his interest. Ordinarily it is expected that a partner's share in profits will bear a reasonable relationship to his capital account. In admitting additional partners, large capital investments in partnership assets may create a serious barrier where a prospective partner is financially unable to make a substantial capital investment toward a pro rata share of the partnership building.

This problem may be avoided through lease of the building by the medical partnership. One or more of the members of the medical partnership may own the premises and lease it to the medical partnership. Or the building may be leased from a building corporation. Shares of corporate stock may be owned not only by the physicians but by members of their families. Ownership of the medical building by a corporation or trust may avoid significant administrative problems upon the death, retirement or withdrawal of a partner.

MANAGEMENT

Except as otherwise provided in the partnership agreement, partners are entitled to an equal voice in the management of the partnership business, irrespective of their ratio of profits and losses or capital contributions. Accordingly, each partner is entitled to one vote with decisions of the majority controlling in the normal course of business. However, provision may be made in the partnership agreement whereby management may be vested exclusively in the senior partners, or in the partners holding a majority interest in capital, or in partners having a majority interest in profits and losses or any other arrangement that the partners may agree upon. Basic decisions, of

course, regarding management and control should be formulated at the time the partnership agreement is prepared because the unanimous consent of all the partners is necessary to vary its terms.

PROVIDING FOR DEATH

When a solo practitioner dies, the good will of his practice usually dies with him. Unless another practitioner can take over immediately, his patients are dispersed, his nurse may take new employment, and his widow is likely to have difficulty in collecting his outstanding bills. By the time the widow can get around to looking for a buyer and negotiating a sale, there is apt to be little more that can be salvaged than the secondhand value of his equipment.

In drawing a partnership agreement, the attorney should recommend that the parties make adequate provision for the eventuality that one of them should die. Generally, it is desirable that each partner assume the obligation to buy the other's interest in office equipment and collect outstanding bills for the mutual benefit of himself and the estate of the deceased partner. If warranted by the size of the practice and its income, provision may even be made for payments to the widow of amounts more than the mere value of tangible assets. Such payments will be excluded from the taxable income of the remaining partner or partners and will be taxed as ordinary income to the recipient. In a sense, partners can act as mutual insurers without imposing too great a burden on the surviving partner.

TERMINATION OF PARTNERSHIP

In dissolving a partnership, arrangements have to be made for the evaluation and disposition of accounts receivable, equipment, insurance policies, supplies and office furniture. Unless adequately provided for in the original partnership contract, agreement must be reached as to which partner is to retain the office location, telephone number, and case histories. The services of an accountant are advisable in making the necessary evaluations and in preparing a final partnership income tax return.

Providing for dissolution.—Two doctors contemplating a partnership may plan the details of their practice together even to the color scheme of their office, and yet ignore the need to state in advance the terms of their separation if the partnership proves unsatisfactory. Here is where a practical-minded lawyer can render valuable service

by insisting that the parties incorporate into their partnership agreement adequate provisions for the eventuality of dissolution.

The hostility often associated with the failure of a partnership can be minimized if the plan for dissolution is part of the original partnership agreement, made under amicable circumstances. If the parties have made no prior arrangement for the orderly termination of their relationship, should the need arise, agreeing to terms of separation can be a mutually trying experience for disagreeing partners that sometimes ends in litigation.

Notice.—The partnership agreement should provide that the partner desiring to terminate the partnership is required to give at least 60 or 90 days' notice. This will permit the partner who is to vacate the office ample time to notify patients and locate another office. Ordinarily, the partnership agreement should provide that the partner who occupied the office before the partnership will retain it after dissolution. If the premises were first leased by the partnership it may be more difficult to reach agreement. In the case of unequal partners, the partner with the largest share will usually retain the office premises. In the case of equal partners, the partnership agreement may arbitrarily name the partner who is to get the office or state that both partners shall vacate the premises if they are unable to agree at the time of dissolution as to which partner shall remain. In practice, this may mean that the partner retaining the office and telephone number will have to reimburse the other partner for part of the cost of moving and establishing a new office location.

Office.—Ordinarily, the party who keeps the partnership office should be required to buy the other party's interest in equipment, furnishings and supplies. If the partnership intends to use the normal straight-line depreciation method for tax purposes, the sale price can be fixed in the partnership agreement at book value. Otherwise, the sales price by agreement can be left to appraisal by a person to be agreed upon, such as an equipment dealer. If a fixed method of determining the sales price is desired, provision can be made that furnishings and equipment shall be valued at original cost less 10% for each year of use, with a minimum value of 15% or 20% of original cost.

Disposition of records.—Medical records can be divided in several ways. The senior physician responsible for establishing a practice usually will insist upon a partnership provision that he is to retain all

medical records if the partnership is dissolved. In equal or substantially equal partnerships, the physician primarily responsible for a patient's treatment should retain the latter's medical records, with the other partner being given the right to make photocopies. Or photocopies may be made on a wholesale basis with each partner upon dissolution having a complete file of patients' records.

Accounts receivable.—Occasionally, a doctor with an established practice will take in a junior partner with the understanding that he will share immediately in collections received for services rendered prior to the partnership but if the partnership is terminated he will lose his interest in unpaid bills. This has the advantage of providing the younger man with immediate income without a waiting period until income from the partnership practice begins. In the event of dissolution, the problem of dividing accounts receivable is eliminated.

Ordinarily, when a partnership is dissolved, collections are divided as they are received with the partner retaining the office handling the billing. A stipulated amount, such as 10% or 15%, may be retained by the latter, before the proceeds are shared, to cover collection costs. Another method sometimes used is for one partner to purchase the other's interest in unpaid bills for a negotiated sum of money.

The dissolution of a partnership is a sad occasion involving mutual inconvenience, tension and dislocation which can be seriously aggravated if the eventuality is not clearly provided for in the partnership agreement.

MEETING WITH LEGAL COUNSEL

Unless the attorney insists upon complete information regarding the circumstances and intentions of the parties, he cannot adequately perform the task of tailoring the partnership agreement to their specific needs. In their preliminary negotiations among themselves, the parties should develop their immediate and long-range plans to the point where they believe that they are in agreement on basic issues such as contributions of capital and division of income. The attorney may modify or even veto some of the preliminary planning for legal reasons, but where the parties themselves have reached a basic understanding he is in a better position to draft an agreement in keeping with their primary objectives.

It is a common practice for one of the prospective partners to have his own attorney draft the partnership agreement without separate

legal representation for the other party or parties. This may result in a one-sided agreement. A lawyer employed by one party will place his client's interest above that of the other party and for this reason it is desirable to suggest that each party be represented by his own counsel. Through their respective attorneys, prospective partners can negotiate on an equal footing without the shyness which sometimes characterizes the doctor in business transactions. Opposing lawyers can thresh out issues at the outset which, if left dormant or not covered in the partnership agreement, may eventually lead to dissension.

In meeting with legal counsel, prospective partners should be asked to answer questions such as the following:

1. *Introduction.* What are the full names of the partners? The proposed name of the partnership? The place of practice? Duration of the partnership?

2. *Ownership of assets.* Is the partnership to own all of the equipment it uses? Is any equipment, such as X-ray machines, office furnishings, medical library, etc., to be loaned or leased by a partner to the partnership? Are the partnership offices to be leased from one or more of the partners who own the building or who control a corporation that owns the building?

3. *Capital.* What contribution is each partner to make toward partnership capital in cash, equipment or other property? What is the value of the property to be contributed? What is its cost? Is any partner to contribute his investment in periodic installments?

4. *Division of income.* Are salaries to be paid to partners? Drawing accounts against anticipated profits? Is any partner to be guaranteed a minimum amount of income? How are profits to be shared at the end of the year?

5. *Expenses.* Are all expenses of medical practice to be paid out of partnership income? Are partners to have expense accounts or allowances for business entertainment, automobile and transportation costs, postgraduate medical education, medical society dues, convention expenses, etc.?

6. *Accounting.* Are the books to be audited periodically by a certified public accountant? Are the books to be open to each partner upon request? When is the fiscal year of the partnership to end?

7. *Management.* Are the partners to share equally in managing the partnership affairs? Or is management to vest in the partner or part-

ners having a majority interest in profits and losses? Or will the senior partner or partners have management control?

8. *Outside activities.* Are partners permitted to engage in politics, teaching, part-time employment in a hospital or industry, or the ownership of a drug store, etc.? Is such income to be turned over to the partnership? Are partners to be required to devote their entire time to the partnership practice?

9. *Disagreements.* Are disagreements to be decided by a numerical majority of the partners? Or by a numerical majority of the senior partners? Or by the partners having a majority interest in profits and losses? Arbitration?

10. *Death.* Is the partnership to terminate upon the death of a partner? Is the remaining partner or partners to be required to purchase the interest of the deceased partner? Is payment to be made at or in excess of the book value of his interest? Is payment to be made in installments?

11. *Disability.* How long shall a disabled partner be entitled to share in profits? Is the partnership to terminate upon the disability of a partner? Is his interest to be purchased by the remaining partners?

12. *Withdrawal.* How much notice is a withdrawing partner required to give? Are the other partners to have the right to thereupon terminate the partnership or purchase his interest? Upon what terms? Is a withdrawing partner to be restricted from medical practice in the community? For how long?

13. *Expulsion.* Under what circumstances, if any, may a partner be expelled? Is he to be restricted from practice in the community? For how long? How is payment to be made to him for his interest?

14. *New partners.* Is unanimous consent to be required for the admission of new partners? What terms shall apply to their admission?

15. *Termination.* Under what circumstances is the partnership to be dissolved?

16. *Life insurance.* Is life insurance to be purchased for the purpose of purchasing a deceased or retired partner's interest? In what amounts? What provision is to be made where life insurance on a partner is declined?

FORMS

The partnership agreement form and miscellaneous optional provisions which follow are intended as an aid to the lawyers who prepare

such agreements for doctors. They cannot be used by simply substituting names, since each situation is different and properly drawn contracts should be tailored to the specific needs of the parties. Forms are available without charge from the American Medical Association, 535 North Dearborn Street, Chicago, Illinois.

APPENDIX

PARTNERSHIP AGREEMENT

AGREEMENT made January 8, 1964, between Arnold Baker, M.D., and Frank Taylor, M.D., both of Chicago, Illinois.

1. *Name and Business.* The parties do hereby form a partnership under the name of Doctor Arnold Baker and Doctor Frank Taylor to engage in the practice of general surgery and related branches of medicine, with offices to be located in the Smith Professional Building, Chicago, Illinois, or at such other place as the parties may agree.

2. *Duration.* The partnership shall begin on February 1, 1964, and continue until the death of either of the partners or until otherwise dissolved as herein provided.

3. *Profit and Loss.* The net profits of the partnership shall be divided, and the net losses of the partnership shall be borne in the following proportions:

<i>Period</i>	<i>Baker</i>	<i>Taylor</i>
February 1, 1964—December 31, 1964.....	60%	40%
January 1, 1965—December 31, 1965.....	57½%	42½%
January 1, 1966—December 31, 1966.....	55%	45%
January 1, 1967—December 31, 1967.....	52½%	47½%
January 1, 1968, to Dissolution.....	50%	50%

The period in which a collection is actually made will determine the percentage of division. Collections made on and after February 1, 1964, for services performed by either partner prior to February 1, 1964, shall belong to the partnership and shall be divided according to the percentage division in effect when the collection is made.

4. *Initial Contribution.* Each of the partners is contributing to the partnership One Thousand Dollars (\$1,000) and surgical equipment, furniture, books and office supplies. Each item shall be marked with the name of the owner, and in the event the partnership is dissolved, such items as may still be usable shall be returned to the partner contributing them.

5. *Future Capital Investments.* Any additional equipment, furniture, books and office supplies purchased for use by the partnership shall be purchased with partnership funds, and the share of the respective partners therein shall be the same as the share of the net profits in effect at the time of such purchase.

Those items which must be capitalized under usual accounting procedure, along with any contributions to capital made by either partner, shall be carried on the books of the partnership in a capital account, and the ownership of each partner in the capital account shall be set forth. In the event of dissolution of the partnership, except by death, each partner shall be entitled to his share of the capital account.

No interest shall be paid to either partner on any contributions to capital.

6. *Distribution of Profits and Drawings.* The distribution of profits shall be made not less frequently than semiannually and the partners shall have such monthly drawing accounts as may be agreed upon by them.

7. *Banking.* The partnership bank account shall be maintained at the Chicago National Bank, until such time as the partners may agree upon a different bank.

All checks on such account shall be drawn in the name of the partnership and may be drawn by either partner.

8. Partnership Books. The books of account of the partnership business shall be properly and accurately kept at all times and shall not be removed from the offices of the partnership except with the consent of both partners. Each partner shall have free access to such books at all times and shall be at liberty to make such extracts therefrom as he may desire.

The books shall be kept on a cash receipts basis and shall be closed and balanced semiannually as of June 30 and December 31 of each year. An audit by a certified public accountant shall be made as of December 31 of each year.

9. Individual Expenses. Each partner shall pay his own expenses in attending scientific meetings and conventions, and dues for his own membership in scientific societies. Each partner shall bear the costs and expenses of acquiring, operating and maintaining his individually owned automobile used in the partnership business, although the partners may agree on reimbursement for expenditures on behalf of the partnership.

10. Restrictions. During the existence of this partnership neither of the partners shall:

- a) Either directly or indirectly engage in the practice of medicine or surgery except upon account of the partnership;
- b) Employ or dismiss any employee of the partnership without the consent of the other partner;
- c) Engage directly or indirectly in any other business or occupation without the consent of the other partner;
- d) Undertake any professional affiliation or employment if requested by his partner not to do so;
- e) Assign, mortgage or in any manner encumber his share in the assets, income or the profits of the partnership or any part thereof;
- f) In any manner incur any partnership liability or pledge the credit of the partnership except in the usual and regular course of the partnership business;
- g) Without the consent of the other partner, buy, order or contract for any goods, materials, supplies or property on behalf of the partnership at a cost in excess of One Hundred Dollars (\$100);
- h) Commit or suffer any act to be done which would cause the partnership to be subject to dissolution by any outside party or by operation of law.

11. Duties. During the existence of this partnership each partner shall:

- a) Participate fully in the conduct of partnership affairs and devote his entire time thereto;
- b) Punctually pay his separate debts;
- c) Forthwith cause all fees and remunerations received on account of the partnership business to be deposited to the credit of the partnership in the partnership's bank account in the hereinabove mentioned bank;
- d) Be just and faithful to the other, at all times give to the other full information and truthful explanation of all matters relating to the affairs of the partnership, and at all times employ his best skill and judgment in carrying on the business of the partnership to the best interest and advantage of the partnership;
- e) Procure and keep in full force and effect individual and partnership professional liability insurance in the sum of One Hundred Thousand Dollars

(\$100,000) and Three Hundred Thousand Dollars (\$300,000) in a reliable insurance company or companies;

f) At all times conduct himself in strict accordance with the Principles of Medical Ethics of the American Medical Association.

12. Disability of a Partner. In the event of an accident or illness partially disabling a partner from substantially performing his full share of the partnership practice, such partially disabled partner shall receive his full distributive share of the net profits of the partnership for a period of six (6) months during which such disability continues. In the event such partial disability continues for more than six (6) months, the distribution of the net profits shall be re-adjusted upon such terms as may be mutually agreed upon between the partners, failing which agreement the partnership shall be dissolved.

In the event of accident or illness totally disabling a partner from performing any portion of the partnership practice, such totally disabled partner shall receive his full distributive share of the net profits of the partnership for a period of three (3) months during such total disability. In the event such total disability continues for more than three months, such partner shall receive fifty per centum (50%) of his normal share of the net distributable profits for the fourth to the sixth months, inclusive, during which such total disability continues, and twenty-five per centum (25%) of his normal share of the net distributable profits for the seventh to the twelfth month, inclusive, during which such total disability continues. If such total disability continues beyond such one-year period, the partnership shall be dissolved at the option of the able partner.

In the event of either the total or partial disability of either partner, the other partner, if in his judgment conditions so warrant, may employ an assistant whose compensation shall be paid out of the gross income of the partnership and shall constitute an operating expense of the partnership.

13. Vacations. Each partner shall take four weeks vacation annually as may be agreed upon and during such period shall receive his full distributive share of the net profits of the business.

14. Dissolution by Agreement. This partnership may be dissolved by the mutual agreement of the partners expressed in writing. In the event of such dissolution, the affairs of the partnership shall be promptly closed up according to the rights, shares and interests of the partners at the time.

15. Unilateral Dissolution.

a) Either partner may dissolve this Agreement without stating any cause or reason by sixty (60) days' notice in writing to the other partner. In this event the partnership shall be dissolved and the affairs of the partnership shall be closed according to the rights, shares and interests of the partners at the time of the expiration of such notice; provided that the rights of a disabled partner or a partner in the armed forces shall not be impaired thereby.

b) If either partner shall breach any one or more of the provisions of this Agreement, the other partner may, within thirty (30) days after learning of such breach, dissolve the partnership by notice in writing to the offending partner. This right of dissolution shall not impair the innocent partner's right to damages for such breach.

16. Dissolution by Death. The death of either partner shall dissolve the partnership as of the date of death, and the books of account shall be closed. The net balance of cash on hand after payment of bills due as of the date of death

shall be determined and the share of the deceased partner shall be paid to his personal representative.

The surviving partner shall purchase the entire remaining interest of the deceased partner for a sum equal to ten percentum (10%) of the gross collections received by the partnership from the practice of medicine during the period of two (2) years immediately preceding the death of the deceased partner; such payments to be made to the estate of the deceased partner in twenty four (24) consecutive monthly installments.

It is the intent of this Agreement that the deceased partner's interest in the accounts receivable and the work in process shall pass by this sale as well as his interest in the other assets and liabilities of the partnership. The representatives of the estate of a deceased partner shall have the right to examine the books and records of the partnership to the extent that such inquiry does not offend professional ethics. The estate of the deceased partner shall not be entitled to any of the records of the partnership except records and files relating to the personal matters of such partner.

17. *Simultaneous Death.* Should the death of the partners occur simultaneously or within sixty (60) days of each other, the partnership shall be liquidated in accordance with the statutes and decisions of the State of Illinois.

18. *Good Will.* In determining the value of any partnership interest, the good will of the partnership shall be considered to have on value whatsoever, and no entry for good will shall be made on the books of the partnership.

19. *Amendments.* This Agreement may be amended at any time by the mutual agreement of the partners; provided, however, that before any amendment shall be operative or valid, it shall be reduced to writing and signed by both parties.

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate on the day and year above set forth.

ARNOLD BAKER, M.D.

FRANK TAYLOR, M.D.