

SECTION 734(B) PARTNERSHIP BASIS ADJUSTMENT AGREEMENT

This Section 734(b) Partnership Basis Adjustment Agreement (the "Agreement") is entered into as of _____, by and among _____ (the "Partnership") and its undersigned partners (the "Partners").

RECITALS

WHEREAS, the Partnership is governed by the Partnership Agreement dated _____ (as amended from time to time, the "Partnership Agreement"); and

WHEREAS, on _____, the Partnership made a distribution of _____ (the "Distribution") to _____ (the "Distributee Partner") in liquidation of/as a reduction of the Distributee Partner's interest in the Partnership; and

WHEREAS, the Partnership has a valid election in effect under Section 754 of the Internal Revenue Code of 1986, as amended (the "Code"), or will make such election on its timely filed federal income tax return for the taxable year of the Distribution; and

WHEREAS, the Distribution has resulted in an adjustment to the basis of the Partnership's remaining properties under Section 734(b) of the Code; and

WHEREAS, the Partners wish to formalize and record the determination, allocation, and reporting of such basis adjustment.

AGREEMENT

NOW, THEREFORE in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Section 734(b) Adjustment. The parties agree that as a result of the Distribution, the Partnership shall adjust the basis of its remaining assets under Section 734(b) of the Code. The total amount of the Section 734(b) adjustment has been determined to be \$ _____, representing a(n) _____ (increase/decrease) in the basis of the Partnership's assets.

2. Allocation of Basis Adjustment. The Partnership shall allocate the Section 734(b) adjustment among its assets in accordance with the rules of Section 755 of the Code and the Treasury Regulations promulgated thereunder. The agreed allocation among the Partnership's assets is set forth in **Exhibit A** attached hereto and incorporated by reference.

3. Tax Reporting. The Partnership shall report the Section 734(b) basis adjustment on its federal partnership tax return (Form 1065) and any applicable state returns for the taxable year ending _____. The Partnership shall attach the statement required by Treasury Regulation Section 1.734-1(d) to its tax return, detailing the computation of the adjustment and the properties to which the adjustment has been allocated.

4. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Partnership, the Partners, and their respective heirs, executors, administrators, successors, and permitted assigns.

5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of _____, without giving effect to any choice of law or conflict of law provisions.

6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Section 734(b) Partnership Basis Adjustment Agreement as of the date first written above.

PARTNERSHIP:

By:

Name: _____

Title: _____

PARTNERS:

Signature

Name: _____

Signature

Name: _____