

# AGREEMENT ON PARTNER DISTRIBUTIONS

## and Capital Withdrawals

This Agreement on Partner Distributions and Capital Withdrawals (the "Agreement") is entered into and made effective as of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date"), by and among the undersigned partners of \_\_\_\_\_ (the "Partnership").

### RECITALS

WHEREAS, the Partners are members of the Partnership operating under the Partnership Agreement dated \_\_\_\_\_, 20\_\_\_\_; and

WHEREAS, the Partners desire to establish clear and binding rules regarding the distribution of partnership profits and the withdrawal of capital from the Partnership to ensure financial stability and equitable treatment;

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 Partners agree as follows:

### SECTION 1. CAPITAL ACCOUNTS

- Maintenance of Capital Accounts:** The Partnership shall maintain a separate capital account for each Partner. Each Partner's capital account shall be determined and maintained in accordance with applicable tax laws and the primary Partnership Agreement.
- Initial Contributions:** The Partners acknowledge that their respective initial capital contributions are recorded in the books and records of the Partnership as of the date hereof.

### SECTION 2. PARTNER DISTRIBUTIONS

- Determination of Distributable Cash:** "Distributable Cash" shall mean the net cash flow of the Partnership generated from operations, investments, or asset sales, less reserves established by the Partners for operating expenses, debt service, capital expenditures, and any other contingencies deemed necessary.
- Timing and Frequency:** Distributions of Distributable Cash shall be made on a \_\_\_\_\_ basis, or at such other times as agreed upon by a \_\_\_\_\_ vote of the Partners.
- Allocation of Distributions:** All distributions of Distributable Cash shall be allocated and distributed to the Partners in accordance with their respective partnership percentages, which are defined as follows:

Partner: \_\_\_\_\_ - Percentage: \_\_\_\_\_%

Partner: \_\_\_\_\_ - Percentage: \_\_\_\_\_%

Partner: \_\_\_\_\_ - Percentage: \_\_\_\_\_%

Partner: \_\_\_\_\_ - Percentage: \_\_\_\_\_%

- Tax Distributions:** Notwithstanding any other provision, the Partnership may make mandatory distributions to the Partners in amounts sufficient to cover the estimated personal income tax liabilities of the Partners arising from their allocable share of the Partnership's taxable income.

### SECTION 3. CAPITAL WITHDRAWALS

- Restrictions on Withdrawal:** No Partner shall have the right to withdraw any part of their capital contribution, or receive any distribution of or interest on their capital account, except as specifically provided in this Agreement or as approved by a \_\_\_\_\_ vote of the Partners.
- Request for Capital Withdrawal:** A Partner seeking to withdraw capital must submit a written request to all other Partners at least \_\_\_\_\_ days prior to the proposed withdrawal date.
- Approval and Terms:** The approval of any requested capital withdrawal shall be at the sole discretion of the remaining Partners.

If approved, the terms, timing, and payment structure of the withdrawal shall be documented in writing and must not cause material financial distress to the Partnership.

**SECTION 4. LIMITATION ON DISTRIBUTIONS AND WITHDRAWALS**

No distribution or capital withdrawal shall be authorized or made if, after giving effect to the distribution or withdrawal, the Partnership would not be able to pay its debts as they become due in the usual course of business, or the Partnership's total assets would be less than the sum of its total liabilities.

**SECTION 5. GOVERNING LAW AND DISPUTES**

This Agreement shall be governed by, and construed in accordance with, the laws of the State of\_\_\_\_\_. Any dispute arising out of or relating to this Agreement shall be resolved in accordance with the dispute resolution procedures set forth in the primary Partnership Agreement.

**SECTION 6. ENTIRE AGREEMENT**

This Agreement constitutes the entire understanding among the Partners regarding distributions and capital withdrawals and supersedes any prior oral or written agreements on this subject. This Agreement may only be amended in writing signed by all Partners.

IN WITNESS WHEREOF, the Partners have executed this Agreement on Partner Distributions and Capital Withdrawals as of the Effective Date written above.

**PARTNER:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

**PARTNER:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

**PARTNER:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

**PARTNER:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date