

PARTNER GUARANTEED DISTRIBUTION AGREEMENT

This Partner Guaranteed Distribution Agreement (the "Agreement") is entered into and made effective as of _____, by and between the undersigned parties:

PARTNERSHIP: _____, a partnership organized and operating under the laws of the State of _____ (the "Partnership").

PARTNER: _____ (the "Partner").

RECITALS

WHEREAS, the Partner is a member/partner of the Partnership under the terms of the Partnership's governing agreement;

WHEREAS, the parties desire to provide for guaranteed payments to the Partner for services rendered to or on behalf of the Partnership, or for the use of capital, regardless of the Partnership's net income, in accordance with Section 707(c) of the Internal Revenue Code of 1986, as amended;

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. GUARANTEED PAYMENT TERMS

- A. **Amount:** The Partnership shall pay to the Partner a guaranteed payment in the amount of \$ _____ per _____.
- B. **Schedule:** Payments shall be distributed on the _____ day of each _____, commencing on _____.
- C. **Character of Payment:** The parties intend and agree that all payments made under this Agreement shall be treated as guaranteed payments under Section 707(c) of the Internal Revenue Code. Such payments are made for services rendered to the Partnership or for the use of the Partner's capital, and shall be determined without regard to the income of the Partnership.

2. TAX TREATMENT AND REPORTING

- A. **Deductibility:** To the extent permitted by law, the Partnership shall deduct the guaranteed payments as a business expense for federal, state, and local income tax purposes.
- B. **Partner Reporting:** The Partner acknowledges that the guaranteed payments are taxable to the Partner as ordinary income and must be reported on the Partner's individual tax returns (Schedule K-1, Form 1065). The Partner is solely responsible for any self-employment tax obligations resulting from these payments.

3. EFFECT ON DISTRIBUTIVE SHARE AND CAPITAL ACCOUNTS

Except as otherwise expressly provided in the Partnership's primary operating agreement, the guaranteed payments provided under this Agreement shall not affect the Partner's distributive share of Partnership profits, losses, or other allocations, and shall not reduce the Partner's Capital Account, except to the extent that the Partner's share of Partnership deductions is affected thereby.

4. TERM AND TERMINATION

This Agreement shall remain in effect until _____, unless terminated earlier by mutual written agreement of the parties, upon the withdrawal of the Partner from the Partnership, or upon the dissolution and liquidation of the Partnership.

5. GOVERNING LAW

This Agreement shall be construed, interpreted, and governed by the laws of the State of _____, without regard to its conflict of law principles.

6. ENTIRE AGREEMENT

This Agreement constitutes the entire understanding between the parties regarding guaranteed payments and supersedes any prior oral or written agreements on this subject. Any amendments to this Agreement must be in writing and signed by both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Partner Guaranteed Distribution Agreement as of the date first written above.

FOR THE PARTNERSHIP:

Authorized Signature

Print Name: _____

Title: _____

Date: _____

FOR THE PARTNER:

Partner Signature

Print Name: _____

Title/Capacity: _____

Date: _____