

PARTNERSHIP AGREEMENT

Tax Allocation and Legal Compliance Addendum

This Partnership Agreement for Tax Allocation and Legal Compliance (the "Agreement") is entered into as of _____, 20_____, by and among the undersigned partners (each a "Partner" and collectively the "Partners") of _____ (the "Partnership").

RECITALS

WHEREAS, the Partners have formed a Partnership under the laws of the State of _____;

WHEREAS, the Partners desire to define their rights and responsibilities regarding the allocation of partnership income, gain, loss, deduction, and credit for federal, state, and local tax purposes, and to ensure strict compliance with all applicable tax laws and regulations, including Section 704 of the Internal Revenue Code;

NOW, THEREFORE, the Partners agree as follows:

SECTION 1: CAPITAL ACCOUNTS AND CONTRIBUTIONS

- Maintenance of Capital Accounts:** The Partnership shall establish and maintain for each Partner a separate capital account in accordance with Internal Revenue Code Section 704(b) and Treasury Regulation Section 1.704-1(b)(2)(iv).
- Initial Contributions:** The Partners have contributed cash, property, or services to the Partnership as set forth below:

Partner Name	Capital Contribution	Partnership Percentage (%)
_____	\$ _____	_____ %
_____	\$ _____	_____ %
_____	\$ _____	_____ %

SECTION 2: TAX ALLOCATIONS

- Allocation of Net Income and Net Loss:** Except as otherwise required by Section 704(c) of the Internal Revenue Code, all items of Partnership income, gain, loss, deduction, and credit shall be allocated to each Partner in accordance with their respective Partnership Percentage.
- Section 704(c) Allocations:** In accordance with Internal Revenue Code Section 704(c), income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its initial fair market value.
- Qualified Income Offset:** In the event any Partner unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6), items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate the deficit balance in their capital account as quickly as possible.

SECTION 3: TAX MATTERS AND COMPLIANCE

- Partnership Representative:** Pursuant to Internal Revenue Code Section 6223, _____ is hereby designated as the Partnership Representative (formerly known as _____).

the Tax Matters Partner) and shall have the authority to represent the Partnership in all examinations of the Partnership's affairs by tax authorities.

2. **Tax Returns:** The Partnership Representative shall cause to be prepared and timely filed all federal, state, and local income tax returns required to be filed by the Partnership. The Partnership Representative shall deliver to each Partner a Schedule K-1 and any other required tax information on or before _____ of each fiscal year.
3. **Tax Elections:** Any election required or permitted to be made by the Partnership under the Internal Revenue Code or any state or local tax law shall be made by the Partnership Representative, subject to the approval of Partners holding more than _____ % of the Partnership Percentages.

SECTION 4: MISCELLANEOUS PROVISIONS

1. **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.
2. **Amendments:** This Agreement may be amended only by a written instrument executed by all Partners.
3. **Severability:** If any provision of this Agreement is held to be invalid or unenforceable, such provision shall be modified to the minimum extent necessary to make it valid and enforceable, and the remaining provisions shall remain in full force and effect.

IN WITNESS WHEREOF, the Partners have executed this Partnership Agreement for Tax Allocation and Legal Compliance as of the date first written above.

Partner Name: _____

Signature: _____

Date: _____

Partner Name: _____

Signature: _____

Date: _____

Partner Name: _____

Signature: _____

Date: _____