

SECTION 754 ELECTION SIDE LETTER AGREEMENT

This Section 754 Election Side Letter Agreement (this "Agreement") is entered into as of _____, 20____, by and among:

PARTNERSHIP:

_____ a _____ limited liability company (the "Company"), and

MEMBERS:

_____ (individually referred to as a "Member" and collectively as the "Members").

RECITALS

WHEREAS, the Members hold membership interests in the Company, which is treated as a partnership for U.S. federal income tax purposes;

WHEREAS,

_____ (the "Transferor") intends to transfer, or has transferred, all or a portion of its membership interest in the Company to

_____ (the "Transferee") on or about _____, 20____ (the "Transfer"); and

WHEREAS, the parties desire to provide for the making of an election under Section 754 of the Internal Revenue Code of 1986, as amended (the "Code"), to adjust the basis of the Company's property in connection with the Transfer.

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 hereto agree as follows:

- Section 754 Election.** The Company, acting through its designated tax matters partner, partnership representative, or managing member, as applicable, shall timely file an election under Section 754 of the Code (and any corresponding election under state or local law) with the Company's partnership tax return (Form 1065) for the taxable year ending _____, 20____.
- Maintenance of Election.** Once made, the Company shall maintain the Section 754 election in effect for the taxable year of the Transfer and all subsequent taxable years, and shall not seek to revoke such election without the prior written consent of the Transferee.
- Basis Adjustments.** The Company shall calculate and apply any adjustments to the basis of the Company's assets resulting from the Section 754 election pursuant to Sections 734(b), 743(b), and 755 of the Code, and the Treasury Regulations promulgated thereunder.
- Cooperation and Information.** The parties shall cooperate fully and provide each other with such information as is reasonably necessary to effectuate, calculate, and report the basis adjustments under Section 754 of the Code, including but not limited to the fair market value of the Company's assets and the Transferee's tax basis in the transferred interest.
- Expenses.** All costs and expenses incurred by the Company in connection with making the Section 754 election and calculating the related basis adjustments shall be borne by _____.
- Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of _____, without regard to its principles of conflicts of law.
- 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 754 Election Side Letter Agreement as of the date first written above.

COMPANY:

By: _____

Name: _____

Title: _____

TRANSFEROR:

By: _____

Name: _____

Title: _____

TRANSFeree:

By: _____

Name: _____

Title: _____