

ADDENDUM TO PARTNERSHIP AGREEMENT

SECTION 754 ELECTION

This Addendum (the "Addendum") to the Partnership Agreement of _____ (the "Partnership") is made and entered into as of _____, by and among the undersigned partners (individually a "Partner" and collectively the "Partners").

WHEREAS, the Partners entered into that certain Partnership Agreement dated _____ (the "Agreement"); and

WHEREAS, the Partners desire to amend the Agreement to provide for an election under Section 754 of the Internal Revenue Code of 1986, as amended (the "Code"), to adjust the basis of partnership property in the case of a transfer of a partnership interest or a distribution of partnership property;

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:

1. **Section 754 Election.** The Partnership shall make an election under Section 754 of the Code (and any corresponding election under applicable state or local tax law) effective for the taxable year ending _____, and for all subsequent taxable years of the Partnership unless and until such election is revoked with the consent of the Internal Revenue Service.
2. **Authority to File.** The Managing Partner, General Partner, or Tax Matters Partner (or Partnership Representative, as applicable) is hereby authorized, empowered, and directed, on behalf of the Partnership, to prepare, execute, and file with the Partnership's federal income tax return for the aforementioned taxable year, and any required state or local tax returns, the election statement required under Treasury Regulations Section 1.754-1(b) and any other applicable regulations.
3. **Allocation of Adjustments.** All adjustments to the adjusted basis of Partnership property under Section 734(b) or Section 743(b) of the Code resulting from the Section 754 election shall be allocated among the Partners in accordance with the applicable Treasury Regulations and the provisions of the Agreement. Any additional accounting, tax preparation, or administrative costs incurred by the Partnership as a result of the Section 754 election shall be allocated to and borne by the Partner or Partners whose transfer of interest or receipt of distribution triggered the basis adjustment, unless otherwise agreed in writing by all Partners.
4. **Cooperation.** Each Partner agrees to provide the Partnership, upon request, with all information, documentation, and representations necessary to compute and substantiate any basis adjustments resulting from the Section 754 election, including but not limited to the transferee Partner's basis in the acquired partnership interest.
5. **Effect of Agreement.** Except as modified by this Addendum, the Agreement shall remain in full force and effect in accordance with its terms. In the event of any conflict or inconsistency between the terms of the Agreement and this Addendum, the terms of this Addendum shall control.
6. **Counterparts.** This Addendum 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. Delivery of an executed counterpart of this Addendum by facsimile or electronic transmission shall be equally as effective as delivery of a manually executed counterpart.

IN WITNESS WHEREOF the parties hereto have executed this Addendum to Partnership Agreement as of the date first written above.

PARTNERSHIP:

By: _____

Name: _____

Title: _____

PARTNER:

By: _____

Name: _____

Date: _____

PARTNER:

By: _____

Name: _____

Date: _____

PARTNER:

By: _____

Name: _____

Date: _____