

PARTNERSHIP TAX DISTRIBUTION AND REGULATORY COMPLIANCE AGREEMENT

This Partnership Tax Distribution and Regulatory Compliance Agreement (the "Agreement") is entered into and made effective as of _____, 20____, by and among the undersigned partners of _____, a partnership organized under the laws of the State of _____ (the "Partnership").

RECITALS

WHEREAS, the Partners have entered into a Partnership Agreement dated _____, 20____ (as amended from time to time, the "Partnership Agreement"); and

WHEREAS, the Partners desire to enter into this Agreement to establish specific procedures, covenants, and guidelines governing tax allocations, mandatory tax distributions, and regulatory compliance requirements under applicable federal, state, and local tax laws, including the Internal Revenue Code of 1986, as amended (the "Code").

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 1: DEFINITIONS

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Partnership Agreement. For purposes of this Agreement, the following terms shall have the meanings specified below:

- a. **"Adjusted Capital Account Deficit"** means, with respect to any Partner, the deficit balance, if any, in such Partner's Capital Account as of the end of the relevant fiscal year, after giving effect to the adjustments required under Treasury Regulations Section 1.704-1(b)(2)(ii)(d).
- b. **"Assumed Tax Rate"** means the highest combined marginal federal, state, and local income tax rate applicable to any Partner (or direct or indirect owner of a Partner) residing in _____, taking into account the character of the income allocated and the deductibility of state and local taxes for federal income tax purposes.
- c. **"Partnership Representative"** shall mean the person or entity designated pursuant to Section 6223 of the Code and Section 4 of this Agreement.
- d. **"Tax Distribution"** means any distribution made to the Partners pursuant to Section 3 of this Agreement to enable the Partners to pay tax liabilities arising from allocations of Partnership income and gain.

SECTION 2: TAX ALLOCATIONS

2.1 General Allocations

Except as otherwise provided in Section 2.2, Net Income and Net Loss of the Partnership for each fiscal year shall be allocated among the Partners in a manner such that the Capital Account of each Partner, immediately after giving effect to such allocations, is, as nearly as possible, equal to the amount that would be distributed to such Partner if the Partnership were dissolved, its affairs wound up, and its assets sold for cash equal to their Book Value.

2.2 Regulatory Allocations

This Agreement hereby incorporates by reference the "regulatory allocations" required by Treasury Regulations under Section 704(b) of the Code, including but not limited to the "minimum gain chargeback" requirement, the "partner minimum gain chargeback" requirement, and the "qualified income offset" requirement. It is the intent of the Partners that, to the extent possible, all regulatory allocations shall be offset with other regulatory allocations or special allocations of Net Income and Net Loss so that, after such offsetting allocations are made, each Partner's Capital Account balance is equal to the balance such Partner's Capital Account would have been if the regulatory allocations had not occurred.

2.3 Section 704(c) Allocations

In accordance with Code Section 704(c) and the Treasury Regulations thereunder, 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 Book Value, using the _____ allocation method.

SECTION 3: TAX DISTRIBUTIONS

3.1 Mandatory Tax Distributions

Subject to any restrictions under applicable law or the Partnership's credit facilities, the Partnership shall make quarterly cash distributions to each Partner in an amount equal to such Partner's estimated tax liability arising from allocations of taxable income from the Partnership. Tax Distributions shall be calculated based on the Assumed Tax Rate and the estimated net taxable income of the Partnership allocated to such Partner for the relevant quarterly period.

3.2 Timing of Tax Distributions

Tax Distributions shall be made at least _____ days prior to the date on which federal estimated income tax payments are due for individuals (generally April 15, June 15, September 15, and January 15 of each calendar year).

3.3 Reconciliation

As soon as practicable after the end of each fiscal year, the Partnership shall determine the final amount of taxable income allocated to each Partner for such fiscal year and the corresponding required Tax Distribution. If the aggregate quarterly Tax Distributions made to a Partner for such fiscal year are less than the required final Tax Distribution, the Partnership shall distribute the deficiency to such Partner within _____ days of the final determination. If the aggregate quarterly Tax Distributions exceed the required final Tax Distribution, such excess shall be treated as an advance against and shall reduce future distributions to which such Partner would otherwise be entitled under this Agreement or the Partnership Agreement.

SECTION 4: PARTNERSHIP REPRESENTATIVE

4.1 Designation

_____ is hereby designated as the "Partnership Representative" within the meaning of Section 6223 of the Code (as amended by the Bipartisan Budget Act of 2015). The Partnership Representative shall represent the Partnership in all examinations, audits, and administrative or judicial proceedings concerning tax matters.

4.2 Election Under Section 6226

In the event of an administrative adjustment that results in an imputed underpayment by the Partnership, the Partnership Representative shall have the authority, with the consent of _____, to make an election under Section 6226 of the Code to push out the adjustments to the Partners who were partners during the reviewed year.

SECTION 5: REGULATORY COMPLIANCE AND COVENANTS

5.1 Tax Information Reporting

The Partnership shall use commercially reasonable efforts to deliver to each Partner a Schedule K-1 (Form 1065) and any required state and local tax schedules on or before _____ of each year following the close of the Partnership's fiscal year.

5.2 Tax Treatment Consistency

Each Partner covenants and agrees that such Partner shall not treat any Partnership item on such Partner's individual income tax return in a manner that is inconsistent with the treatment of such item on the Partnership's information returns, unless the Partner files Form 8082 notifying the Internal Revenue Service of such inconsistent treatment.

SECTION 6: MISCELLANEOUS

6.1 Governing Law

This Agreement and all questions relating to its validity, interpretation, performance, and enforcement shall be governed by and construed in accordance with the laws of the State of _____, without giving effect to any principles of conflicts of law.

6.2 Amendments

This Agreement may not be amended, modified, or supplemented except by a written instrument executed by all of the Partners.

6.3 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 Partnership Tax Distribution and Regulatory Compliance Agreement as of the date first written above.

PARTNERSHIP:

By: _____
Name: _____
Title: _____

PARTNER:

By: _____
Name: _____
Title: _____

PARTNER:

By: _____
Name: _____
Title: _____

PARTNER:

By: _____
Name: _____
Title: _____