

LLC MEMBER GUARANTEED PAYMENT AGREEMENT

This LLC Member Guaranteed Payment Agreement (the "Agreement") is entered into as of _____, 20____, by and among _____ (the "Company") and _____ (the "Member").

RECITALS

WHEREAS, the Member is a member of the Company and holds a membership interest therein;

WHEREAS, the Member provides valuable services to the Company beyond the scope of mere capital contribution;

WHEREAS, pursuant to the Operating Agreement of the Company, the members desire to provide for guaranteed payments to the Member for services rendered, which payments are determined without regard to the income of the Company, 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

The Company shall pay to the Member a guaranteed payment of \$ _____ per _____ (the "Guaranteed Payment"). Such payment shall be made on the _____ day of each _____, commencing on _____, 20_____.

2. TAX CHARACTERIZATION

The parties intend and agree that all payments made pursuant to this Agreement shall be treated as "guaranteed payments" under Section 707(c) of the Internal Revenue Code of 1986, as amended. Accordingly:

- a. The payments shall be treated as ordinary income to the Member and shall be reported by the Company as such on Schedule K-1 of the Company's federal partnership tax return (Form 1065).
- b. The payments shall be deductible by the Company to the extent permitted under Section 162(a) of the Code.
- c. The Member is responsible for all federal, state, and local self-employment taxes arising from the receipt of these payments.

3. SCOPE OF SERVICES

In consideration for the Guaranteed Payment, the Member agrees to perform the following services for and on behalf of the Company:

4. TERM AND TERMINATION

This Agreement shall remain in effect until _____, 20____, unless terminated earlier by:

- a. The mutual written consent of the Company and the Member;
- b. The dissociation, withdrawal, death, or disability of the Member; or
- c. The dissolution and winding up of the Company.

5. EFFECT ON DISTRIBUTIONS AND CAPITAL ACCOUNTS

The Guaranteed Payment is payable to the Member irrespective of the Company's profits or losses. It shall not reduce the Member's capital account balance, nor shall it be deducted from the Member's share of profits, losses, or distributions of the Company, unless explicitly provided otherwise in the Company's Operating Agreement.

6. GOVERNING LAW

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

7. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties regarding guaranteed payments and supersedes all prior agreements, understandings, or representations, written or oral, relating to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have executed this LLC Member Guaranteed Payment Agreement as of the date first written above.

COMPANY:

By: _____
Title: _____

MEMBER:

Signature
Name: _____