

## PARTNER CAPITAL ACCOUNT BASIS ADJUSTMENT AGREEMENT

This Partner Capital Account Basis Adjustment Agreement (the "Agreement") is entered into and made effective as of \_\_\_\_\_, by and among \_\_\_\_\_ (the "Partnership") and \_\_\_\_\_ (the "Partner").

### RECITALS

**WHEREAS**, the Partner holds a partnership interest in the Partnership;

**WHEREAS**, a transaction has occurred resulting in an adjustment to the tax basis of the Partnership's assets and/or the Partner's capital account pursuant to the Internal Revenue Code (the "Code"); and

**WHEREAS**, the parties desire to formally adjust the Partner's capital account and tax basis in accordance with the terms herein and the applicable provisions of the Code and Treasury Regulations.

**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. BASIS ADJUSTMENT

- A. Pursuant to Section \_\_\_\_\_ of the Code, the parties agree that the Partner's capital account and tax basis in the Partnership shall be adjusted by the amount of \$ \_\_\_\_\_, effective as of \_\_\_\_\_.
- B. The adjustment shall be allocated among the Partnership's assets in accordance with Section \_\_\_\_\_ of the Code and the Treasury Regulations thereunder.

### 2. SECTION 754 ELECTION

The Partnership \_\_\_\_\_ (has filed / will file) an election under Section 754 of the Code to adjust the basis of partnership property in the manner provided in Sections 734(b) and 743(b) of the Code for the taxable year \_\_\_\_\_.

### 3. REPRESENTATIONS AND WARRANTIES

Each party represents and warrants that this Agreement has been duly authorized, executed, and delivered, and constitutes a legal, valid, and binding obligation enforceable in accordance with its terms.

### 4. TAX REPORTING

The parties agree to report the tax consequences of the transactions contemplated by this Agreement and the resulting basis adjustments consistently on all federal, state, and local tax returns, and to take no position inconsistent therewith unless otherwise required by a final determination of a taxing authority.

### 5. 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.

### 6. ENTIRE AGREEMENT

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

**IN WITNESS WHEREOF**, the parties hereto have executed this Partner Capital Account Basis Adjustment Agreement as of the date first written above.

**THE PARTNERSHIP:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**THE PARTNER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_