

AGREEMENT FOR GUARANTEED PARTNER COMPENSATION

This Agreement for Guaranteed Partner Compensation (the "Agreement") is entered into and made effective as of _____, 20_____, by and between the following parties:

Partnership: _____, a partnership organized under the laws of the State of _____ (the "Partnership"), and

Partner: _____, an individual and partner of the Partnership (the "Partner").

RECITALS

WHEREAS, the Partner is a general/limited partner of the Partnership and provides valuable services to or on behalf of the Partnership; and

WHEREAS, the parties desire to provide for guaranteed payments to the Partner for services rendered, irrespective of the Partnership's income, 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 Partnership shall pay to the Partner a guaranteed payment of \$ _____ per _____ (the "Guaranteed Payment"). Such payments shall be made on the _____ day of each _____, commencing on _____, 20_____.
2. **Characterization of Payment.** The parties agree and intend that the Guaranteed Payment is a guaranteed payment within the meaning of Internal Revenue Code Section 707(c). The payment is made for services rendered by the Partner to the Partnership in their capacity as a partner, is determined without regard to the income of the Partnership, and shall be treated as ordinary income to the Partner.
3. **Tax Treatment and Reporting.**
 - a. The Partnership shall deduct the Guaranteed Payment as an ordinary business expense under Section 162(a) of the Internal Revenue Code, subject to any capitalization rules.
 - b. The Partner shall report the Guaranteed Payment as self-employment income and shall be solely responsible for the payment of all federal, state, and local self-employment taxes, income taxes, and any other assessments related to such payments.
 - c. The Partnership shall report the Guaranteed Payment to the Partner on Schedule K-1 (Form 1065).
4. **Effect on Capital Accounts and Allocations.** The Guaranteed Payment shall not reduce the Partner's capital account balance, nor shall it affect the Partner's share of profits or losses under the Partnership's governing partnership agreement, except to the extent that the deduction of the Guaranteed Payment reduces the overall net income or increases the net loss of the Partnership.
5. **Term and Termination.** This Agreement shall remain in effect until _____, 20_____, unless terminated earlier by:
 - a. The mutual written agreement of the parties;
 - b. The withdrawal, dissociation, or termination of the Partner's status as a partner in the Partnership; or
 - c. Written notice of termination provided by either party to the other party at least _____ days prior to the effective date of termination.
6. **Governing Law.** This Agreement shall be construed, interpreted, and governed by the laws of the State of _____, without regard to its conflict of law principles.
7. **Entire Agreement.** This Agreement constitutes the entire understanding between the parties regarding guaranteed payments and supersedes all prior agreements, negotiations, or understandings, written or oral, regarding this subject matter. This Agreement may only be amended in a writing signed by both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement for Guaranteed Partner Compensation as of the date first written above.

PARTNERSHIP:

PARTNER:

By: _____

Title: _____

Date: _____

Name: _____

Title: Partner

Date: _____