

GUARANTEED PAYMENTS TO PARTNERS AGREEMENT

This Guaranteed Payments Agreement (the "Agreement") is entered into and made effective as of _____, 20____, by and among the undersigned partners (collectively, the "Partners") of _____ (the "Partnership").

RECITALS

WHEREAS, the Partners operate under a Partnership Agreement dated _____, 20____ (the "Partnership Agreement"); and

WHEREAS, certain Partners perform services or contribute capital to the Partnership beyond the standard scope of passive investment, or have negotiated specific financial returns; and

WHEREAS, the Partners desire to provide for guaranteed payments to certain Partners for services rendered or for the use of capital, 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 RECIPIENT(S) AND AMOUNTS

The Partnership shall make guaranteed payments to the following Partner(s) under the terms specified below:

Partner Name: _____

Payment Type (Services/Capital): _____

Amount of Payment: \$_____ per _____

Frequency of Payment (e.g., Monthly, Bi-weekly): _____

Commencement Date: _____, 20____

2. TAX TREATMENT AND CHARACTERIZATION

All payments made pursuant to this Agreement are intended to be characterized as "guaranteed payments" within the meaning of Section 707(c) of the Internal Revenue Code. Such payments shall be determined without regard to the income of the Partnership and shall be treated as gross income to the recipient Partner and as an expense of the Partnership for self-employment tax and income tax deduction purposes, as applicable.

3. SOURCE OF PAYMENTS

The guaranteed payments shall be paid from the general operating funds of the Partnership. In the event the Partnership has insufficient net income or cash flow to satisfy the payment obligations, the payments shall remain an obligation of the Partnership and shall be paid from available capital or reserves, resulting in a potential reduction of the capital accounts of the remaining Partners in accordance with their partnership percentages.

4. EFFECT ON CAPITAL ACCOUNTS AND ALLOCATIONS

Guaranteed payments made under this Agreement shall not be treated as a distribution of Partnership profits or capital for purposes of calculating the recipient Partner's share of Partnership profits, losses, or capital distributions under the Partnership Agreement, unless specifically provided otherwise herein.

5. TERM AND TERMINATION

This Agreement shall remain in effect until _____, 20____, unless terminated earlier by the mutual written consent of all the Partners, or upon the dissolution and winding up of the Partnership.

6. ENTIRE AGREEMENT AND AMENDMENTS

This Agreement constitutes the entire understanding among the Partners regarding guaranteed payments and supersedes any prior oral or written agreements on this subject. This Agreement may only be amended, modified, or supplemented by a written instrument executed by all Partners.

7. GOVERNING LAW

This Agreement shall be governed by, and construed in accordance with, the laws of the State of _____.

IN WITNESS WHEREOF, the Partners have executed this Guaranteed Payments Agreement as of the date first written above.

Partner Signature
Print Name: _____
Date: _____

Partner Signature
Print Name: _____
Date: _____

Partner Signature
Print Name: _____
Date: _____

Partner Signature
Print Name: _____
Date: _____