

PARTNERSHIP TAX BASIS ALLOCATION AND ADJUSTMENT AGREEMENT

This Partnership Tax Basis Allocation and Adjustment Agreement (the "Agreement") is entered into as of _____, 20____, by and among _____ (the "Partnership"), and the undersigned partners of the Partnership (individually referred to as a "Partner" and collectively referred to as the "Partners").

RECITALS

WHEREAS, the Partners hold partnership interests in the Partnership, which is governed by the Partnership Agreement dated as of _____, 20____ (as amended, the "Partnership Agreement"); and

WHEREAS, a transfer of a partnership interest or a distribution of property has occurred or is contemplated, specifically:

; and

WHEREAS, the Partners and the Partnership desire to make or have in effect an election under Section 754 of the Internal Revenue Code of 1986, as amended (the "Code"), and to establish the allocation of resulting tax basis adjustments under Sections 734(b), 743(b), and 755 of the Code, as well as any associated reporting obligations.

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. SECTION 754 ELECTION

The Partnership shall make (or has previously made and shall maintain) an election under Section 754 of the Code in accordance with Treasury Regulations Section 1.754-1. This election shall apply to all transfers of partnership interests and distributions of property during the taxable year for which the election is effective and all subsequent taxable years, unless revoked with the consent of the Internal Revenue Service.

SECTION 2. TAX BASIS ADJUSTMENT DETERMINATIONS

- A. **Determination of Adjustments:** Upon the occurrence of a triggering event (including but not limited to a transfer of interest under Section 743(b) or a distribution of property under Section 734(b)), the Partnership's tax advisors shall calculate the total amount of the tax basis adjustment.
- B. **Allocation Among Assets:** All basis adjustments shall be allocated among the Partnership's assets in a manner consistent with Section 755 of the Code and the Treasury Regulations promulgated thereunder. The specific allocation of the adjustment shall be set forth in an exhibit to be prepared by the Partnership's accountants and attached hereto as Exhibit A upon completion.
- C. **Cooperation:** Each Partner agrees to provide all financial and tax information reasonably requested by the Partnership or its advisors to calculate and execute the basis adjustments, including but not limited to the Partner's adjusted tax basis in its partnership interest.

SECTION 3. CAPITAL ACCOUNT ADJUSTMENTS AND TAX REPORTING

The Partnership shall adjust the book value and tax basis of its assets and the capital accounts of the Partners to the extent required or permitted by Treasury Regulations Section 1.704-1(b). All tax returns filed by the Partnership and the Partners for the year of adjustment and all subsequent years shall be prepared and filed consistently with the basis adjustments and allocations determined pursuant to this Agreement.

SECTION 4. INDEMNIFICATION AND COSTS

Any incremental accounting, legal, or administrative costs incurred by the Partnership in connection with the calculation, allocation, and reporting of a partner-specific basis adjustment under Section 743(b) shall be borne entirely by the transferring or

transferee Partner associated with such adjustment. The Partnership is authorized to deduct such costs directly from distributions otherwise due to such Partner.

SECTION 5. GOVERNING LAW AND AMENDMENTS

This Agreement shall be governed by, and construed in accordance with, the laws of the State of _____, without regard to principles of conflicts of law. This Agreement may be amended or modified only by a written instrument executed by all parties hereto.

SECTION 6. 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 Basis Allocation and Adjustment Agreement as of the date first written above.

PARTNERSHIP:

By:

Name: _____

Title: _____

PARTNER:

By:

Name: _____

Title: _____

PARTNER:

By:

Name: _____

Title: _____

PARTNER:

By:

Name: _____

Title: _____