

# LIMITED LIABILITY PARTNERSHIP

## AGREEMENT FOR MAINTENANCE OF PARTNER CAPITAL ACCOUNTS

This Agreement for Maintenance of Partner Capital Accounts (the "Agreement") is entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and among the undersigned Partners of \_\_\_\_\_ LLP (the "Partnership").

### RECITALS

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WHEREAS, the Partners have entered into a Limited Liability Partnership Agreement dated \_\_\_\_\_ (the "LLP Agreement"); and

WHEREAS, the Partners desire to establish clear and specific rules for the maintenance, adjustment, and administration of each Partner's Capital Account in compliance with applicable tax laws and financial accounting standards; and

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 Partners agree as follows:

### 1. ESTABLISHMENT OF CAPITAL ACCOUNTS

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The Partnership shall establish and maintain for each Partner an individual Capital Account. Each Capital Account shall be maintained in accordance with the following provisions:

A. **Increases to Capital Accounts:** Each Partner's Capital Account shall be increased by:

- i. The amount of cash contributed by the Partner to the Partnership;
- ii. The fair market value of any property contributed by the Partner to the Partnership (net of liabilities secured by such property that the Partnership is considered to assume or take subject to); and
- iii. Allocations to the Partner of Partnership income and gain (or items thereof).

B. **Decreases to Capital Accounts:** Each Partner's Capital Account shall be decreased by:

- i. The amount of cash distributed to the Partner by the Partnership;
- ii. The fair market value of any property distributed to the Partner by the Partnership (net of liabilities secured by such property that the Partner is considered to assume or take subject to); and
- iii. Allocations to the Partner of Partnership loss and deduction (or items thereof).

### 2. INITIAL CAPITAL CONTRIBUTIONS

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The Partners have made or shall make initial capital contributions to the Partnership as set forth below:

Partner Name	Cash Contribution	Property/Asset Contribution (Value)	Capital Share (%)

### 3. ADDITIONAL CAPITAL CONTRIBUTIONS

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No Partner shall be required to make any additional capital contributions to the Partnership unless approved by \_\_\_\_\_ percent ( \_\_\_\_\_%) of the voting interest of the Partners. Any authorized additional capital contributions shall be credited to the contributing Partner's Capital Account at the time of receipt by the Partnership.

### 4. NO INTEREST ON CAPITAL

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Except as otherwise expressly provided in writing, no Partner shall be entitled to receive interest on any contribution to the capital of the Partnership or on the balance of their Capital Account.

#### **5. WITHDRAWAL OR REDUCTION OF CAPITAL**

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No Partner shall have the right to withdraw any part of their Capital Account, or to receive any distribution from the Partnership, except as provided in the LLP Agreement or as approved by the Partners in accordance with applicable laws.

#### **6. COMPLIANCE WITH TAX REGULATIONS**

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The Capital Accounts shall be maintained in compliance with the rules and guidelines established by the applicable revenue authorities and accounting standards of \_\_\_\_\_. In the event of any conflict between the provisions of this Agreement and the applicable regulations, the regulations shall control.

#### **7. MISCELLANEOUS PROVISIONS**

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This Agreement shall be binding upon and inure to the benefit of the Partners and their respective successors, permitted assigns, and legal representatives. This Agreement may be amended or modified only by a written instrument executed by all Partners.

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

**Partner Name:** \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Partner Name:** \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Partner Name:** \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Partner Name:** \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_