

PARTNERSHIP CAPITAL ACCOUNT MAINTENANCE AGREEMENT

This Partnership Capital Account Maintenance Agreement (the "Agreement") is entered into and made effective as of _____, by and among the undersigned partners (each a "Partner" and collectively the "Partners") of _____ (the "Partnership").

RECITALS

WHEREAS, the Partners have entered into a Partnership Agreement dated _____ (the "Partnership Agreement"); and

WHEREAS, the Partners desire to establish specific rules and procedures for maintaining the Capital Accounts of the Partners in strict compliance with the Treasury Regulations promulgated under Section 704(b) of the Internal Revenue Code;

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:

SECTION 1. MAINTENANCE OF CAPITAL ACCOUNTS

The Partnership shall establish and maintain for each Partner a separate capital account (each, a "Capital Account") in accordance with the following provisions:

- a. **Credits to Capital Accounts:** Each Partner's Capital Account shall be increased by:
 - i. The amount of money contributed by such Partner to the Partnership;
 - ii. The fair market value of property contributed by such Partner to the Partnership (net of liabilities secured by such contributed property that the Partnership is considered to assume or take subject to under Section 752 of the Code); and
 - iii. Allocations to such Partner of Partnership income and gain (or items thereof), including income and gain exempt from tax.
- b. **Debits to Capital Accounts:** Each Partner's Capital Account shall be decreased by:
 - i. The amount of money distributed to such Partner by the Partnership;
 - ii. The fair market value of property distributed to such Partner by the Partnership (net of liabilities secured by such distributed property that such Partner is considered to assume or take subject to under Section 752 of the Code); and
 - iii. Allocations to such Partner of Partnership loss and deduction (or items thereof).

SECTION 2. REVALUATION OF PARTNERSHIP PROPERTY

Upon the occurrence of certain events, including the contribution of more than a de minimis amount of money or other property to the Partnership by a new or existing Partner, or the distribution by the Partnership to a Partner of more than a de minimis amount of property as consideration for an interest in the Partnership, the Partners may elect to adjust the Capital Accounts of the Partners to reflect a revaluation of Partnership property on the books of the Partnership in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(f).

SECTION 3. COMPLIANCE WITH SECTION 704(B)

The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Treasury Regulations. In the event the Partnership determines that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto, are computed in order to comply with such Treasury Regulations, the Partnership is authorized to make such modifications, provided that they do not materially alter the economic agreement among the Partners.

SECTION 4. GENERAL PROVISIONS

1. **Governing Law:** This Agreement shall be governed by, and construed in accordance with, the laws of the State of _____.
2. **Amendments:** This Agreement may be amended or modified only by a written instrument executed by all of the Partners.
3. **Binding Effect:** This Agreement shall be binding upon, and inure to the benefit of, the Partners and their respective heirs, executors, administrators, personal representatives, successors, and permitted assigns.

IN WITNESS WHEREOF, the Partners have executed this Partnership Capital Account Maintenance 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: _____