

AGREEMENT FOR MAINTENANCE OF PARTNER CAPITAL ACCOUNTS

This Agreement for Maintenance of Partner Capital Accounts (the "Agreement") is entered into and made effective as of this _____ day of _____, 20_____, by and among the undersigned partners (each a "Partner" and collectively the "Partners") of _____ (the "Partnership").

RECITALS

WHEREAS, the Partners have formed a Partnership under the laws of the State of _____; and

WHEREAS, the Partners desire to establish clear and binding rules for the creation, maintenance, and adjustment of Capital Accounts for each Partner in accordance with applicable tax laws, including Section 704(b) of the Internal Revenue Code and the Treasury Regulations promulgated thereunder; and

WHEREAS, this Agreement shall supplement the primary Partnership Agreement of the Partnership.

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

The Partnership shall establish and maintain for each Partner a separate Capital Account. Each Partner's Capital Account shall be maintained in accordance with the rules of Treasury Regulation Section 1.704-1(b)(2)(iv) and shall be adjusted as set forth herein.

2. ADJUSTMENTS AND MAINTENANCE OF CAPITAL ACCOUNTS

Each Partner's Capital Account shall be adjusted as follows:

- a. **Increases:** Each Partner's Capital Account shall be increased by:
 - i. The amount of money contributed by the Partner to the Partnership;
 - ii. The fair market value of property contributed by the Partner to the Partnership (net of liabilities secured by such contributed 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), including income exempt from tax.
- b. **Decreases:** Each Partner's Capital Account shall be decreased by:
 - i. The amount of money distributed to the Partner by the Partnership;
 - ii. The fair market value of property distributed to the Partner by the Partnership (net of liabilities secured by such distributed property that such Partner is considered to assume or take subject to); and
 - iii. Allocations to the Partner of Partnership expenditures described in Section 705(a)(2)(B) of the Internal Revenue Code, and allocations of Partnership loss and deduction (or items thereof).

3. INITIAL CAPITAL CONTRIBUTIONS

The Partners have made or shall make initial capital contributions to the Partnership. The value of these initial contributions, as agreed upon by the Partners, and the corresponding initial Capital Account balances are set forth below:

| Partner Name | Description of Contribution (Cash/Property) | Agreed Value | Initial Capital Account Balance |
|--------------|---|--------------|---------------------------------|
| _____ | _____ | _____ | _____ |

| Partner Name | Description of Contribution (Cash/Property) | Agreed Value | Initial Capital Account Balance |
|--------------|---|--------------|---------------------------------|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

4. REVALUATION OF PROPERTY

Upon the occurrence of certain events, including the contribution of additional capital by a new or existing Partner, or the distribution of money or property to a retiring or continuing Partner, the Partners may elect to revalue the Partnership's assets on the books of the Partnership to their fair market value. Upon such revaluation, the Capital Accounts of the Partners shall be adjusted to reflect the manner in which unrealized gain or loss inherent in the property would be allocated if the property were sold at its fair market value on that date.

5. DEFICIT RESTORATION OBLIGATION

Except as otherwise required by law or explicitly provided in writing by the Partners, no Partner shall have an obligation to restore any deficit balance in their Capital Account upon the dissolution, liquidation, or winding up of the Partnership.

6. GOVERNING LAW

This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed in accordance with, the laws of the State of _____, without regard to principles of conflicts of law.

7. AMENDMENTS

This Agreement may not be amended, altered, or modified except by a written instrument executed by all of the Partners.

IN WITNESS WHEREOF, the Partners have executed this Agreement for Maintenance of Partner Capital Accounts as of the date first written above.

Partner:

Partner:

Signature

Signature

Print Name

Print Name

Date

Date

Partner:

Partner:

Signature

Signature

Print Name

Print Name

Date

Date