

# ADDENDUM TO PARTNERSHIP AGREEMENT

## GUARANTEED PAYMENTS TO PARTNERS

This Addendum (the "Addendum") is entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and is made part of the Partnership Agreement of \_\_\_\_\_ (the "Partnership") dated \_\_\_\_\_, 20\_\_\_\_.

The undersigned, being all of the partners of the Partnership (the "Partners"), hereby agree to amend the Partnership Agreement as follows:

### 1. RECITALS

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WHEREAS, the Partners wish to provide for guaranteed payments to certain Partners for services rendered or capital contributed to the Partnership, irrespective of the Partnership's income; and

WHEREAS, the Partners intend for these payments to qualify as guaranteed payments under 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 Partners agree as follows:

### 2. GUARANTEED PAYMENTS

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The Partnership shall make guaranteed payments to the following Partners in the amounts and on the schedule specified below:

PARTNER NAME	GUARANTEED PAYMENT AMOUNT (\$)	FREQUENCY (e.g, Monthly, Bi-weekly)	EFFECTIVE DATE

### 3. TAX AND CAPITAL ACCOUNT TREATMENT

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**(a) Tax Treatment:** Pursuant to Internal Revenue Code Section 707(c), the guaranteed payments authorized under this Addendum shall be treated as payments made to a partner other than in their capacity as a partner, solely for the purposes of determining the gross income of the recipient Partner and the deductible business expenses of the Partnership.

**(b) Effect on Allocations:** Guaranteed payments shall not be treated as a distribution of partnership net profits or net income for the purposes of determining the Partners' respective distributive shares of Partnership profits or losses under the Partnership Agreement.

**(c) Capital Accounts:** Guaranteed payments shall not affect the Capital Account of the receiving Partner, except to the extent that any such payment is capitalized into the basis of Partnership assets as required by law.

### 4. SOURCE OF PAYMENTS

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Guaranteed payments shall be paid from the gross receipts of the Partnership and shall be paid regardless of whether the Partnership has net profits or net losses for the fiscal period in which the payments are made.

## 5. TERM AND TERMINATION

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The guaranteed payments specified in Section 2 of this Addendum shall commence on the specified Effective Date and shall continue until:

- (a) The termination of the Partnership;
- (b) The withdrawal, retirement, or expulsion of the recipient Partner from the Partnership; or
- (c) The written agreement of all Partners to amend or terminate this Addendum.

## 6. INTEGRATION WITH PARTNERSHIP AGREEMENT

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Except as expressly amended by this Addendum, all other terms, conditions, and provisions of the original Partnership Agreement dated \_\_\_\_\_, 20\_\_\_\_, shall remain unmodified and in full force and effect. This Addendum shall be governed by and construed in accordance with the laws of the State of \_\_\_\_\_.

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

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Partner Signature

Print Name: \_\_\_\_\_

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

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Partner Signature

Print Name: \_\_\_\_\_

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

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Partner Signature

Print Name: \_\_\_\_\_

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

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Partner Signature

Print Name: \_\_\_\_\_

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