

# PARTNERSHIP GUARANTEED PAYMENTS AGREEMENT

This Partnership Guaranteed Payments Agreement (the "Agreement") is entered into and made effective as of \_\_\_\_\_, 20\_\_\_\_, by and among the partners of \_\_\_\_\_ (the "Partnership").

## RECITALS

WHEREAS, the Partners entered into a Partnership Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the "Original Agreement"); and

WHEREAS, the Partners wish to provide for guaranteed payments to certain partners for services rendered or capital contributed, without regard to the income of the Partnership, in accordance with 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 parties agree as follows:

## 1. GUARANTEED PAYMENT TERMS

The Partnership shall make guaranteed payments to the following Partner(s) under the terms specified below:

1. **Recipient Partner:** \_\_\_\_\_

**Payment Amount:** \$ \_\_\_\_\_ per \_\_\_\_\_

**Payment Frequency:** \_\_\_\_\_

**Description of Services/Capital:**

\_\_\_\_\_

2. **Recipient Partner:** \_\_\_\_\_

**Payment Amount:** \$ \_\_\_\_\_ per \_\_\_\_\_

**Payment Frequency:** \_\_\_\_\_

**Description of Services/Capital:**

\_\_\_\_\_

## 2. TAX TREATMENT

The Partners intend that all payments made pursuant to this Agreement shall be treated as guaranteed payments for services or for the use of capital under Section 707(c) of the Internal Revenue Code. Such payments shall be treated as gross income to the recipient partner and as a deductible expense or capitalized item by the Partnership for federal income tax purposes.

## 3. SOURCE OF PAYMENTS

Guaranteed payments shall be made irrespective of the net income, profits, or losses of the Partnership. In the event the Partnership has insufficient cash flow to make the payments when due, the obligation shall accrue and be paid as soon as sufficient funds become available.

## 4. TERM AND TERMINATION

This Agreement shall commence on the effective date written above and shall continue until \_\_\_\_\_, unless terminated earlier by the written consent of all Partners or upon the dissolution of the Partnership.

## 5. GOVERNING LAW

This Agreement shall be construed, interpreted, and governed by the laws of the State of \_\_\_\_\_.

**6. ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement among the Partners regarding guaranteed payments and supersedes any prior oral or written understandings. Except as modified herein, the Original Agreement remains in full force and effect.

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

\_\_\_\_\_  
Partner Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Partner Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Partner Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Partner Signature

\_\_\_\_\_  
Printed Name