

PARTNERSHIP TAX ALLOCATION AND COMPLIANCE AGREEMENT

This Partnership Tax Allocation and Compliance Agreement (the "Agreement") is entered into as of _____, 20_____, by and among the partners listed on Schedule A attached hereto (each individually a "Partner" and collectively the "Partners") of _____ (the "Partnership").

RECITALS

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

WHEREAS, the Partners desire to establish rules for allocating Partnership income, gain, loss, deduction, and credit, and to ensure compliance with the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder; and

WHEREAS, the Partners intend for these allocations to comply with Section 704 of the Code and the substantial economic effect standards set forth in Treasury Regulation Section 1.704-1(b);

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Partners agree as follows:

SECTION 1: DEFINITIONS

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Code or the Treasury Regulations. The following terms shall have the definitions specified below:

1. **"Capital Account"** shall mean the capital account maintained for each Partner in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv).
2. **"Code"** shall mean the Internal Revenue Code of 1986, as amended.
3. **"Treasury Regulations"** shall mean the income tax regulations, including temporary regulations, promulgated under the Code.

SECTION 2: MAINTENANCE OF CAPITAL ACCOUNTS

1. The Partnership shall establish and maintain for each Partner a separate Capital Account.
2. Each Partner's Capital Account shall be increased by:
 - a. the amount of money contributed by such Partner to the Partnership;
 - b. 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
 - c. allocations to such Partner of Partnership income and gain (or items thereof).
3. Each Partner's Capital Account shall be decreased by:
 - a. the amount of money distributed to such Partner by the Partnership;
 - b. 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
 - c. allocations to such Partner of Partnership loss and deduction (or items thereof).

SECTION 3: ALLOCATIONS OF NET INCOME AND NET LOSS

1. **General Allocations:** Except as otherwise provided in this Agreement, Net Income and Net Loss of the Partnership for each fiscal year shall be allocated among the Partners in accordance with their respective partnership interests as set forth on Schedule A.

2. **Regulatory Allocations:** This Agreement hereby incorporates by reference the "qualified income offset" within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(d), the "partnership minimum gain chargeback" within the meaning of Treasury Regulation Section 1.704-2(f), and the "partner nonrecourse debt minimum gain chargeback" within the meaning of Treasury Regulation Section 1.704-2(i)(4).

SECTION 4: TAX ALLOCATIONS (SECTION 704(C))

In accordance with Section 704(c) of the Code and the Treasury Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its initial fair market value. The Partnership shall utilize the _____ method of allocation as described in Treasury Regulation Section 1.704-3.

SECTION 5: PARTNERSHIP REPRESENTATIVE

1. The Partners hereby designate _____ as the "Partnership Representative" within the meaning of Section 6223(a) of the Code.
2. The Partnership Representative shall represent the Partnership, at the Partnership's expense, in all examinations of the Partnership's affairs by tax authorities, including administrative and judicial proceedings.

SECTION 6: TAX RETURNS AND COMPLIANCE

1. The Partnership Representative shall prepare, or cause to be prepared, and timely file all federal, state, and local tax returns required to be filed by the Partnership.
2. The Partnership shall deliver to each Partner, within _____ days after the end of each fiscal year, Schedule K-1 (Form 1065) and any other tax information reasonably required by the Partners for the preparation of their tax returns.

SECTION 7: MISCELLANEOUS

1. **Governing Law:** This Agreement shall be construed and enforced in accordance with the laws of the State of _____.
2. **Amendments:** This Agreement may be amended only by a written instrument executed by all Partners.
3. **Entire Agreement:** This Agreement constitutes the entire agreement among the Partners regarding tax allocations and compliance and supersedes all prior agreements.

IN WITNESS WHEREOF, the Partners have executed this 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: _____

SCHEDULE A

PARTNERS, CAPITAL CONTRIBUTIONS, AND ALLOCATION PERCENTAGES

Partner Name	Capital Contribution	Allocation Percentage (%)