

# PARTNERSHIP TAX BASIS REVALUATION AGREEMENT

This Partnership Tax Basis Revaluation Agreement (the "Agreement") is entered into and made effective as of \_\_\_\_\_, by and among the undersigned partners (individually, a "Partner" and collectively, the "Partners") of \_\_\_\_\_ (the "Partnership").

## RECITALS

**WHEREAS**, the Partnership is governed by that certain Partnership Agreement dated \_\_\_\_\_ (as may be amended from time to time, the "Partnership Agreement"); and

**WHEREAS**, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(f), a partnership may, upon the occurrence of certain qualifying revaluation events, increase or decrease the Capital Accounts of the partners to reflect a revaluation of Partnership property on the Partnership's books; and

**WHEREAS**, a qualifying revaluation event has occurred on \_\_\_\_\_, specifically consisting of \_\_\_\_\_; and

**WHEREAS**, the Partners desire to formally elect to revalue the Partnership's assets and adjust the Partners' Capital Accounts to reflect their respective shares of the unrealized income, gain, loss, or deduction inherent in such revalued property as of the date of the revaluation event.

**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. REVALUATION OF PARTNERSHIP PROPERTY

The Partners hereby agree that the book value of the Partnership's assets shall be adjusted to equal their fair market values as of the date of the revaluation event, as detailed in **Exhibit A** attached hereto. Such adjustments shall reflect the manner in which the unrealized income, gain, loss, or deduction inherent in such properties (that has not been reflected in the Capital Accounts previously) would be allocated among the Partners if there were a taxable disposition of such properties for such fair market values on the date hereof.

### 2. ADJUSTMENT OF CAPITAL ACCOUNTS

The Capital Accounts of the Partners shall be adjusted to reflect the revaluation of the Partnership assets in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f). The revised Capital Accounts of the Partners immediately following such adjustments are set forth in **Exhibit B** attached hereto.

### 3. TAX ALLOCATIONS UNDER SECTION 704(C)

The Partners agree that for federal, state, and local income tax purposes, depreciation, depletion, amortization, and gain or loss with respect to the revalued properties shall be allocated among the Partners so as to take into account the variation between the adjusted tax basis of such properties and their book values as revalued pursuant to this Agreement, in accordance with the principles of Internal Revenue Code Section 704(c) and the Treasury Regulations thereunder. The Partners hereby select the \_\_\_\_\_ method as the permissible allocation method under Treasury Regulation Section 1.704-3.

### 4. GOVERNING LAW

This Agreement shall be governed by, and construed in accordance with, the laws of the State of \_\_\_\_\_, without giving effect to any conflict of law principles.

### 5. COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**6. BINDING EFFECT**

This Agreement shall be binding upon and inure to the benefit of the Partners and their respective heirs, legal representatives, successors, and permitted assigns.

**IN WITNESS WHEREOF**, the undersigned have executed this Partnership Tax Basis Revaluation Agreement as of the date first written above.

_____	_____
Partner Name: _____	Partner Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

_____	_____
Partner Name: _____	Partner Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

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**EXHIBIT A  
ASSET REVALUATION SCHEDULE**

Effective Date of Revaluation: \_\_\_\_\_

Asset Description	Adjusted Tax Basis Prior to Revaluation	Book Value Prior to Revaluation	Agreed Fair Market Value (Post-Revaluation Book Value)	Unrealized Gain / (Loss)
<b>Total</b>				

**EXHIBIT B  
PARTNER CAPITAL ACCOUNT ADJUSTMENTS**

<b>Partner Name</b>	<b>Capital Account Balance Prior to Revaluation</b>	<b>Allocated Share of Revaluation Gain/(Loss)</b>	<b>Adjusted Capital Account Balance (Post-Revaluation Book Basis)</b>	<b>Tax Basis Capital Account (Post-Revaluation)</b>
<b>Total</b>				