

PARTNERSHIP TAX BASIS STEP-UP AGREEMENT

This Partnership Tax Basis Step-Up Agreement (the "Agreement") is entered into as of _____, 20_____, by and among the undersigned parties.

RECITALS

WHEREAS, _____ (the "Partnership") is a partnership formed under the laws of the State of _____;

WHEREAS, on or about _____, 20_____, a transfer of a partnership interest in the Partnership occurred from _____ (the "Transferor") to _____ (the "Transferee"); and

WHEREAS, the Partnership has made, or intends to make, an election under Section 754 of the Internal Revenue Code of 1986, as amended (the "Code"), to adjust the basis of partnership property in the manner provided in Section 743(b) and/or Section 734(b) of the Code; and

WHEREAS, the parties desire to formalize the determination, allocation, and reporting of the tax basis step-up resulting from such election.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. SECTION 754 ELECTION

The Partnership shall file (or has previously filed) an election under Section 754 of the Code in accordance with Treasury Regulations Section 1.754-1. Such election, once made, shall remain in effect for the taxable year of the transfer and all subsequent taxable years, unless revoked with the consent of the Internal Revenue Service.

2. COMPUTATION OF BASIS ADJUSTMENT

The parties agree that the transaction has resulted in a tax basis step-up (the "Basis Adjustment") pursuant to Section _____ of the Code. The total amount of the Basis Adjustment is determined to be \$ _____. The calculation of the Basis Adjustment, including the Transferee's share of the adjusted basis of Partnership property, is set forth in Schedule A attached hereto.

3. ALLOCATION OF BASIS ADJUSTMENT

The Basis Adjustment shall be allocated among the assets of the Partnership in accordance with Section 755 of the Code and the Treasury Regulations promulgated thereunder. The allocation of the Basis Adjustment among the specific Partnership assets is set forth in Schedule B attached hereto. The Partnership and the partners agree to report the tax consequences of all operations and transactions consistent with such allocations.

4. REPORTING AND COOPERATION

The Partnership shall prepare and file all federal, state, and local tax returns, including Schedule K-1s, in a manner consistent with the Section 754 election and the Basis Adjustment allocations agreed to herein. The Transferee and the remaining partners agree to provide the Partnership with all information, statements, and documentation reasonably requested by the Partnership to comply with the reporting requirements of Treasury Regulations Section 1.743-1(k) or other applicable tax rules.

5. INDEMNIFICATION

Each party agrees to indemnify and hold harmless the other parties and the Partnership from any tax liability, interest, penalties, or expenses (including reasonable attorney fees) resulting from any breach of the representations, warranties, or covenants contained in this Agreement or any inconsistent tax position taken by such party on their individual tax returns.

6. GOVERNING LAW

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

7. ENTIRE AGREEMENT

This Agreement, including any schedules attached hereto, constitutes the entire agreement among the parties regarding the subject matter hereof and supersedes all prior agreements, understandings, or representations, whether written or oral.

IN WITNESS WHEREOF, the parties hereto have executed this Partnership Tax Basis Step-Up Agreement as of the date first written above.

PARTNERSHIP:

By:

Name: _____
Title: _____

TRANSFeree:

By:

Name: _____
Title: _____

TRANSFEROR:

By:

Name: _____
Title: _____

PARTNER:

By:

Name: _____
Title: _____