

SECTION 743(B) PARTNER TAX BASIS ADJUSTMENT AGREEMENT

This Section 743(b) Partner Tax Basis Adjustment Agreement (the "Agreement") is entered into as of _____, by and among _____ (the "Partnership"), _____ (the "Transferring Partner"), and _____ (the "Acquiring Partner").

RECITALS

WHEREAS, the Transferring Partner holds a partnership interest in the Partnership;

WHEREAS, on _____, the Transferring Partner transferred, sold, or exchanged its partnership interest to the Acquiring Partner (the "Transaction");

WHEREAS, the Partnership has in effect, or will make, an election under Section 754 of the Internal Revenue Code of 1986, as amended (the "Code"), for the taxable year of the Transaction; and

WHEREAS, the parties desire to formalize the adjustments required under Section 743(b) of the Code and the allocation of such adjustments under Section 755 of the Code with respect to the partnership properties.

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. **Section 754 Election.** The Partnership hereby covenants and agrees that it has filed, or will timely file with its federal partnership income tax return for the taxable year ending _____, an election pursuant to Section 754 of the Code (and any corresponding election under state or local law) to adjust the basis of partnership property in the manner provided in Sections 734(b) and 743(b) of the Code.
2. **Section 743(b) Basis Adjustment.** The parties agree that as a result of the Transaction, the Acquiring Partner's special basis adjustment under Section 743(b) of the Code is _____. This adjustment represents the difference between the Acquiring Partner's initial tax basis in its partnership interest of _____ and the Acquiring Partner's share of the Partnership's adjusted basis in partnership property of _____.
3. **Allocation of Basis Adjustment.** The Partnership shall allocate the Section 743(b) basis adjustment among the Partnership's assets in accordance with Section 755 of the Code and the Treasury Regulations promulgated thereunder. The parties agree that the allocation shall be made in a manner consistent with the schedule attached hereto or as otherwise mutually agreed upon by the Partnership and the Acquiring Partner based on the fair market values of the Partnership assets as of the date of the Transaction.
4. **Information and Reporting.**
 - a. The Acquiring Partner agrees to provide to the Partnership, within thirty (30) days of the date of this Agreement (or, if earlier, by the date required by Treasury Regulation Section 1.743-1(k)), all information necessary for the Partnership to calculate and report the Section 743(b) adjustment.
 - b. The Partnership shall report the Section 743(b) adjustment, and the depreciation, amortization, or depletion deductions resulting therefrom, on the Schedule K-1 (Form 1065) issued to the Acquiring Partner for the taxable year of the Transaction and all subsequent years, as required by law.
5. **Indemnification and Cooperation.** Each party agrees to cooperate fully, and to execute and deliver such further instruments and documents as may be necessary or appropriate, to carry out the transactions contemplated by this Agreement, including any filings required by the Internal Revenue Service or state tax authorities.
6. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of _____, without regard to principles of conflicts of law.
7. **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.

IN WITNESS WHEREOF the parties hereto have executed this Section 743(b) Partner Tax Basis Adjustment Agreement as of the date first written above.

PARTNERSHIP:

By: _____
Name: _____
Title: _____

TRANSFERRING PARTNER:

By: _____
Name: _____
Title: _____

ACQUIRING PARTNER:

By: _____
Name: _____
Title: _____