

PARTNERS' EQUITY DISTRIBUTION AND WITHDRAWAL POLICY

This Partners' Equity Distribution and Withdrawal Policy (the "Policy") is adopted on _____, by and among the partners (the "Partners") of _____ (the "Partnership").

1. PURPOSE

The purpose of this Policy is to define the terms, conditions, and procedures governing the distribution of partnership equity, allocation of profits and losses, and the processes for both voluntary and involuntary withdrawals of Partners from the Partnership.

2. CAPITAL ACCOUNTS AND ALLOCATIONS

A. **Capital Accounts:** A separate capital account shall be maintained for each Partner. Each Partner's capital account shall be credited with their capital contributions and their share of Partnership profits, and debited with their share of Partnership losses and any distributions made to them.

B. **Allocation of Profits and Losses:** Net profits and net losses of the Partnership shall be allocated to the Partners in proportion to their respective ownership percentages, which are defined as:

Partner: _____ - Share: _____ %

Partner: _____ - Share: _____ %

Partner: _____ - Share: _____ %

Partner: _____ - Share: _____ %

3. EQUITY DISTRIBUTIONS

A. **Operating Distributions:** The Partnership shall determine available cash for distribution at the end of each _____. Distributions of net profits shall be made to Partners only after retaining sufficient reserves for operating expenses, debt service, and planned capital expenditures, as determined by a vote of _____% of the Partners.

B. **Tax Distributions:** Notwithstanding Section 3(A), the Partnership shall, to the extent funds are available, make minimum quarterly distributions to each Partner in an amount sufficient to cover individual federal, state, and local income tax liabilities attributable to their share of Partnership taxable income, calculated using an assumed tax rate of _____%.

C. **Withholding:** The Partnership is authorized to withhold from distributions any amounts required by law to be withheld for tax purposes.

4. VOLUNTARY WITHDRAWAL

A. **Notice Period:** Any Partner wishing to voluntarily withdraw from the Partnership must provide written notice of intent to withdraw to all other Partners at least _____ days prior to the proposed withdrawal date.

B. **Valuation of Interest:** Upon receipt of a voluntary withdrawal notice, the value of the withdrawing Partner's interest shall be determined as of the last day of the month preceding the withdrawal notice. The valuation method shall be: _____.

C. **Payout Terms:** The amount owed to the withdrawing Partner shall be paid by the Partnership in _____ equal installments over a period of _____ months, bearing interest at a rate of _____% per annum, with the first payment due on _____.

5. INVOLUNTARY WITHDRAWAL

A. **Events of Involuntary Withdrawal:** A Partner shall be deemed involuntarily withdrawn from the Partnership upon the

occurrence of any of the following events:

- i. Death or permanent disability of the Partner;
- ii. Bankruptcy, insolvency, or assignment for the benefit of creditors of the Partner;
- iii. Expulsion by a vote of _____% of the remaining Partners for cause, which includes material breach of the Partnership Agreement, fraud, or gross negligence.

B. Valuation and Payout: In the event of an involuntary withdrawal, the valuation of the Partner's interest shall be determined in accordance with Section 4(B), subject to a reduction of _____% as liquidated damages in the event of expulsion for cause. Payout terms shall be over a period of _____ months, bearing interest at a rate of _____% per annum.

6. AMENDMENTS

This Policy may be amended, modified, or superseded only by the written consent of Partners holding at least _____% of the partnership interests.

7. GOVERNING LAW

This Policy and all matters arising out of or relating to it shall be governed by and construed in accordance with the laws of the State of _____.

IN WITNESS WHEREOF, the Partners have executed and adopted this Partners' Equity Distribution and Withdrawal Policy 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: _____