

retiring partner and to the representative or successor in interest of a deceased partner, shall constitute payment for the interest in partnership property. The payments shall be considered a distribution of partnership property under Section 736(b) of the Internal Revenue Code and not a payment of income under Section 736(a) of the Internal Revenue Code.

Section 11.4 Balances in Drawing Accounts.

The balance in the drawing account of a retiring or deceased partner is to be treated as an obligation of the partnership to the partner or an obligation of the partner to the partnership. Any amount owed, whether to the partner or to the partnership, as reflected in the drawing account of a retiring, deceased partner shall be paid within ninety (90) days after the retirement or death of the partner.

ARTICLE XII

Voluntary Dissolution

Section 12.1 Winding Up the Partnership.

On any voluntary dissolution, the partnership shall immediately commence to wind up its affairs. The partners shall continue to share profits and losses during liquidation in the same proportions as before dissolution. The proceeds from liquidation of partnership assets shall be applied as follows:

- (1) Debts of the partnership, other than to partners;
- (2) Amounts owed to partners for unpaid salaries and for the credit balances in their respective drawing accounts;
- (3) The capital contributions of the partners as reflected in their respective capital accounts;

Section 12.2 Gains or Losses in Winding Up.

Any gain or loss on disposition of partnership properties in the process of liquidation shall be credited or charged to the partners in the proportion of their interests in profits or losses. Any property distributed in kind in the liquidation shall be valued and treated as though the property were sold and the cash proceeds were distributed. The difference between the value of property

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