

Section 13.6 Income Tax Incidents of Payments

It is the intention of the parties that all amounts payable by the partnership under this article to a retiring partner, to the successor in interest of a deceased partner, or to an expelled partner shall constitute payment for the interest in partnership property. The payments shall be considered a distribution of partnership property under 736(b) of the Internal Revenue Code and not a payment of income under section 736(a) of the Internal Revenue Code.

ARTICLE XIV

VOLUNTARY DISSOLUTION

Section 14.1 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 14.2 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 case proceeds were distributed.

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