

ENTERING THE INVESTOR – MANAGING THE PARTNERSHIP AGREEMENT AND YOUR CAPITAL ACCOUNTS

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CohnReznick LLP



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OVERVIEW

- Partnership Agreement Provisions
- Important Elections
- Projections
- Capital Accounts
- Questions??



PARTNERSHIP AGREEMENT PROVISIONS

- Guarantees
- Adjusters
- Funding Obligations
- Fees
- Cash Flow waterfall
- Special Allocations
- Investor consents
- Right of First Refusal



IMPORTANT ELECTIONS

- Real Property Trade or Business
- Bonus Depreciation
- Cost segregation study
- IRC 168(h)



PROJECTIONS

- Prepared by your consultant? Or the investor
- Timing assumptions - completion, rent up, credit delivery
- Depreciation assumptions
- Cash flow waterfall
- Losses - special allocations, shifting allocations
- 50% test - if applicable



CAPITAL ACCOUNTS

- What are your goals?
- Issue - Investor capital account negative during the credit period
- Issue - Investor capital account negative at sale
- Issue - Investor capital account “too” positive
- Impact of Real Property Trade or Business Election
- Related party debt
- Unpaid development fees



QUESTIONS ??



CONTACT US

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