

D R A F T

FOR DISCUSSION ONLY

HARMONIZED
UNIFORM PARTNERSHIP ACT (1997)
(Amendments to Uniform Partnership Act (1997))

NATIONAL CONFERENCE OF COMMISSIONERS
ON UNIFORM STATE LAWS

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HARMONIZED
UNIFORM PARTNERSHIP ACT (1997)
(Amendments to Uniform Partnership Act (1997))

WITH REPORTERS' NOTES

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NATIONAL CONFERENCE OF COMMISSIONERS
ON UNIFORM STATE LAWS

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**LIMITED LIABILITY PARTNERSHIP
AMENDMENTS TO UNIFORM PARTNERSHIP ACT (1994)**

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HARMONIZED UNIFORM PARTNERSHIP ACT (1997)

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1 **HARMONIZED UNIFORM PARTNERSHIP ACT (1997)**

2
3 **[ARTICLE] 1**

4 **GENERAL PROVISIONS**

5
6 **SECTION 101. DEFINITIONS.** In this ~~[Act]~~ [act]:

7 (1) “Business” includes every trade, occupation, and profession.

8 (2) “Contribution”, except in the phrase “right of contribution,” means any benefit
9 provided by a person to partnership in order to become a partner or in the person’s capacity as a
10 partner;

11 ~~(2)~~ (3) “Debtor in bankruptcy” means a person who is the subject of:
12 ~~(i)~~ (A) an order for relief under Title 11 of the United States Code or a comparable
13 order under a successor statute of general application; or

14 ~~(ii)~~ (B) a comparable order under federal, state, or foreign law governing
15 insolvency.

16 ~~(3)~~ (4) “Distribution”, ~~except in Section 402A(b),~~ means a transfer of money or other
17 property from a partnership to ~~a partner in the partner’s capacity as a partner or to the partner’s~~
18 ~~transferee~~ a person because of a transferable interest or in the person’s capacity as a partner. The
19 term includes:

20 (A) a redemption or other purchase by a partnership of a transferable interest; and
21 (B) a transfer to a partner in return for the partner’s relinquishment of any right to
22 participate as a partner in the management or conduct of the partnership’s business or to have
23 access to records or other information concerning the partnership’s business.

1 ~~(4)~~ (5) “Foreign limited liability partnership” means a partnership ~~that: (i) is formed~~
2 under ~~laws other than the laws of this State~~ the law of a jurisdiction other than this state and ~~(ii)-~~
3 ~~has the status of~~ denominated by that law as a limited liability partnership ~~under those laws.~~

4 ~~(5)~~ (6) “Limited liability partnership” means a partnership that has filed a statement of
5 qualification under Section 1001 and does not have a similar statement in effect in any other
6 jurisdiction.

7 (7) “Partner” means a person that has become a partner of a partnership under Section
8 202 and has not dissociated under Section 601.

9 ~~(6)~~ (8) “Partnership” means an association of two or more persons to carry on as co-
10 owners a business for profit formed under Section 202, predecessor law, or comparable law of
11 another jurisdiction.

12 ~~(7)~~ (9) “Partnership agreement” means the agreement, whether ~~written, oral, or implied,~~
13 ~~among the partners concerning the partnership, including amendments to the partnership~~
14 ~~agreement~~ or not referred to as a partnership agreement and whether oral, in a record, implied, or
15 in any combination thereof, of all the partners of a partnership concerning the matters described
16 in Section 103(a). The term includes the agreement as amended or restated.

17 ~~(8)~~ (10) “Partnership at will” means a partnership in which the partners have not agreed
18 to remain partners until the expiration of a definite term or the completion of a particular
19 undertaking.

20 ~~(9)~~ “Partnership interest” or ~~“partner’s interest in the partnership”~~ means ~~all of a~~
21 ~~partner’s interests in the partnership, including the partner’s transferable interest and all~~
22 ~~management and other rights.~~

23 ~~(10)~~ (11) “Person” means ~~an individual, corporation, business trust, estate, trust,~~

1 ~~partnership, association, joint venture, government, governmental subdivision, agency, or~~
2 ~~instrumentality, or any other legal or commercial entity~~ “Person” means an individual, business
3 corporation, nonprofit corporation, partnership, limited partnership, limited liability company,
4 [general cooperative association,] limited cooperative association, unincorporated nonprofit trust
5 association, statutory trust, business trust, or common-law business trust, estate, trust,
6 association, joint venture, public corporation, government or governmental subdivision, agency,
7 or instrumentality, or any other legal or commercial entity.

8 (12) “Principal office” means the principal executive office of a partnership or a foreign
9 limited liability partnership, whether or not the office is located in this state.

10 ~~(11)~~ (13) “Property” means all property, whether real, personal, or mixed, or tangible or
11 intangible, or any interest therein.

12 (14) “Record”, used as a noun, means information that is inscribed on a tangible medium
13 or that is stored in an electronic or other medium and is retrievable in perceivable form.

14 (15) “Sign” means, with the present intent to authenticate or adopt a record:

15 (A) to execute or adopt a tangible symbol; or

16 (B) to attach to or logically associate with the record an electronic symbol,
17 sound, or process.

18 ~~(12)~~ (16) “State” means a State state of the United States, the District of Columbia, the
19 Commonwealth of Puerto Rico, the United States Virgin Islands, or any territory or insular
20 possession subject to the jurisdiction of the United States.

21 ~~(13)~~ (17) “Statement” means a statement of partnership authority under Section 303, a
22 statement of denial under Section 304, a statement of dissociation under Section 704, a statement
23 of dissolution under Section 805, a statement of merger under Section 907, a statement of

1 qualification under Section 1001, a statement of foreign qualification under Section 1102, or an
2 amendment or cancellation of any of the foregoing.

3 ~~(14) (18) “Transfer” includes an assignment, conveyance, lease, mortgage, deed,~~
4 ~~encumbrance~~ to assign, convey, sell, lease, encumber including by mortgaging or granting a
5 security interest, make a gift, and transfer by operation of law.

6 (19) “Transferable interest” means the right, as initially owned by a person in the
7 person’s capacity as a partner, to receive distributions from a partnership in accordance with the
8 partnership agreement. The term applies, whether or not the person remains a partner or
9 continues to own any part of the right and includes any fraction of the right.

10 (20) “Transferee” means a person to which all or part of a transferable interest has been
11 transferred, whether or not the transferor is a partner.

12 **Reporters’ Note**

13
14 Section 101(2) defines “contribution” to harmonize with ULPA Section 102(2) and
15 RULLCA Section 102(2). Section 101(4) modifies “distribution” to harmonize with RULLCA
16 Section 102(5). Section 101(5) harmonizes the “foreign limited liability partnership” definition
17 with RULLCA Section 102(7). Section 101(7) defines the term “partner” to conform to RULLCA
18 Section 102(11). Section 101(9) conforms the definition of a partnership agreement to a
19 RULLCA Section 102(13) operating agreement except the concept of a sole member. The former
20 Section 101(9) definition of a partnership interest was deleted to conform to ULPA 2001 and
21 RULLCA and ULPA 2001 because neither defines a partnership interest or a membership
22 interest. Section 101(11) harmonizes the definition of a person with HUB Section 1-102(3).
23 Section 101(12) adds a definition of principal office to conform to HUB Section 1-102(31).
24 Section 101(13) conforms to HUB Section 1-102(34). Section 101(1) adds a definition of record
25 to conform to ULPA 2001 Section 102(17) and RULLCA Section 102(17), both as modified by
26 HUB Section 1-102(38). Section 101(15) adds a definition of sign to conform to ULPA 2001
27 Section 102(19) and RULLCA Section 102(18), both as modified by HUB Section 1-102(40).
28 Section 101(16) conforms to the HUB Section 102(41) revised definition of a state.

29
30 Section 101(18) conforms the definition of transfer to ULPA 2001 Section 102(21) and
31 RULLCA Section 102(20). HUB Section 1-102(43) does not include the concept of a transfer by
32 operation of law. A transfer by operation of law may include changes in entity ownership that
33 occur under Article 9.

34
35 Section 101(19) adds a definition of transferable interest to conform to ULPA 2001

1 Section 102(22) and RULLCA Section 102(21), both as further modified by HUB Section 1-
2 102(44). RUPA Section 502 merely refers to the only transferable interest of a partner but does
3 not separately define the term.

4
5 Section 101(2) conforms the definition of a transferee to ULPA 2001 Section 102(23)
6 and RULLCA Section 102(22). The HUB does not state a definition of that term.
7

8 **SECTION 102. KNOWLEDGE; ~~AND~~ NOTICE.**

9 (a) A person knows a fact if the person:

10 (1) has actual knowledge of it; or

11 (2) is deemed to know it under subsection (d)(1) or law other than this [act].

12 (b) A person has notice of a fact ~~if~~ when the person:

13 ~~(1) knows of it;~~

14 ~~(2) has received a notification of it; or~~

15 ~~(3) (1) has reason to know it exists~~ the fact from all of the facts known to the

16 person at the time in question; or

17 (2) is deemed to have notice of the fact under subsection (d)(2).

18 (c) A person notifies ~~or gives a notification to~~ another of a fact by taking steps reasonably
19 required to inform the other person in ordinary course, whether or not the other person ~~learns of~~
20 ~~it~~ knows the fact.

21 (d) A person ~~receives a notification when the notification~~ that is not a partner is deemed:

22 (1) comes to the person's attention; or to know of a limitation on authority to
23 transfer real property as provided in Section 303(e); and

24 (2) is duly delivered at the person's place of business or at any other place held
25 out by the person as a place for receiving communications to have notice of a partnership's:

26 (A) dissolution 90 days after a statement of dissolution under Section 805

1 becomes effective; and

2 (B) merger, conversion, or domestication 90 days after articles of merger,
3 conversion, or domestication under [Article] 9 become effective.

4 ~~(e) Except as otherwise provided in subsection (f), a person other than an individual~~
5 ~~knows, has notice, or receives a notification of a fact for purposes of a particular transaction~~
6 ~~when the individual conducting the transaction knows, has notice, or receives a notification of~~
7 ~~the fact, or in any event when the fact would have been brought to the individual's attention if~~
8 ~~the person had exercised reasonable diligence. The person exercises reasonable diligence if it~~
9 ~~maintains reasonable routines for communicating significant information to the individual~~
10 ~~conducting the transaction and there is reasonable compliance with the routines. Reasonable~~
11 ~~diligence does not require an individual acting for the person to communicate information unless~~
12 ~~the communication is part of the individual's regular duties or the individual has reason to know~~
13 ~~of the transaction and that the transaction would be materially affected by the information.~~

14 ~~(f)~~ (e) A partner's knowledge, notice, or receipt of a notification of a fact relating to the
15 partnership is effective immediately as knowledge by, notice to, or receipt of a notification by the
16 partnership, except in the case of a fraud on the partnership committed by or with the consent of
17 that partner.

18 **Reporters' Note**

19
20 Section 102 is harmonized with RULLCA Section 103. Section 102(d)(2) omits the
21 RULLCA Section 103(d)(2)(B) reference to a statement of termination. Section 102(e), formerly
22 RUPA Section 102(f), is retained even though not present in RULLCA Section 103 because
23 unlike a RULLCA member, a RUPA partner is an agent of the partnership solely by reason of
24 being a partner.

25 26 27 **SECTION 103. EFFECT OF PARTNERSHIP AGREEMENT; NONWAIVABLE**

1 **PROVISIONS SCOPE, FUNCTION, AND LIMITATIONS.**

2 (a) Except as otherwise provided in subsection (b), ~~relations among the partners and~~
3 ~~between the partners and the partnership are governed by the partnership agreement. To the~~
4 ~~extent the partnership agreement does not otherwise provide, this [Act] governs relations among~~
5 ~~the partners and between the partners and the partnership~~ the partnership agreement governs:

6 (1) relations among the partners as partners and between the partners and the
7 partnership;

8 (2) the business of the partnership and the conduct of the business; and

9 (3) the means and conditions for amending the partnership agreement.

10 (b) To the extent the partnership agreement does not otherwise provide for a matter
11 described in subsection (a), this [act] governs the matter.

12 ~~(b)~~ (c) The partnership agreement may not:

13 (1) vary the rights and duties under Section 105 except to eliminate the duty to
14 provide copies of statements to all of the partners;

15 (2) unreasonably restrict the right of access to books and records under Section
16 403(b);

17 (3) eliminate the duty of loyalty under Section 404(b) or 603(b)(3), but:

18 ~~(i)~~ (A) the partnership agreement may identify specific types or categories
19 of activities that do not violate the duty of loyalty, if not manifestly unreasonable; or

20 ~~(ii)~~ (B) all of the partners or a number or percentage specified in the
21 partnership agreement may authorize or ratify, after full disclosure of all material facts, a specific
22 act or transaction that otherwise would violate the duty of loyalty;

23 (4) unreasonably reduce the duty of care under Section 404(c) or 603(b)(3);

(5) eliminate the obligation of good faith and fair dealing under Section 404(d), but the partnership agreement may prescribe the standards by which the performance of the obligation is to be measured, if the standards are not manifestly unreasonable;

(6) vary the power to dissociate as a partner under Section 602(a), except to require the notice under Section 601(1) to be in writing;

(7) vary the right of a court to expel a partner in the events specified in Section 601(5);

(8) vary the requirement to wind up the partnership business in cases specified in Section 801(4), (5), or (6);

(9) vary the law applicable to a limited liability partnership under Section ~~106(b)~~ 107; or

(10) restrict rights of third parties under this ~~Act~~ act.

Reporters' Note

Section 103 conformed to RULLCA Section 110. Like RULLCA Sections 110-113, RUPA has two other sections specifically regarding the scope and function of the partnership agreement. Accordingly, the title of RUPA Section 103 was conformed to RULLCA Section 110. Sections 103(a)(2)-(3) are clarifications from RULLCA Section 110(a). Section 103(c)(9) eliminated the reference to subsection (b) of Section 106 because Section 106 has been substantially rewritten.

SECTION 104. PARTNERSHIP AGREEMENT; EFFECT ON PARTNERSHIP AND PERSONS BECOMING PARTNERS.

(a) A partnership is bound by and may enforce the partnership agreement, whether or not the partnership has itself manifested assent to the partnership agreement.

(b) A person that becomes a partner of a partnership is deemed to assent to the partnership agreement.

Reporters' Note

1
2 Section 104 is new and conforms to RULLCA Section 111.
3

4 **SECTION 105. PARTNERSHIP AGREEMENT; EFFECT ON THIRD PARTIES**
5 **AND PERSONS BECOMING PARTNERS.**

6 (a) A partnership agreement may require that its amendment requires the approval of a
7 person that is not a party to the partnership agreement or the satisfaction of a condition. An
8 amendment is not effective unless its adoption includes the required approval or satisfies the
9 specified condition.

10 (b) The obligations of a partnership and its partners to a person in the person's capacity as
11 a transferee or dissociated partner are governed by the partnership agreement. Subject to any
12 court order issued under Section 504(b)(2) to effectuate a charging order, an amendment to the
13 partnership agreement made after a person becomes a transferee or dissociated partner is
14 effective with regard to any debt, obligation, or other liability of the partnership or its partners to
15 the person in the person's capacity as a transferee or dissociated partner.

16 **Reporters' Note**
17

18 Section 105 is new and conforms to ULLCA Section 112. Subsection (b) clarifies that a
19 transferee or dissociated partner may not freeze the agreement. The remaining partners are free to
20 amend the partnership agreement.
21

22 **SECTION ~~104~~ 106. SUPPLEMENTAL PRINCIPLES OF LAW.** Unless displaced
23 by particular provisions of this ~~[Act]~~ [act], the principles of law and equity supplement this ~~[Act]~~
24 [act].

25 ~~(b) If an obligation to pay interest arises under this [Act] and the rate is not~~
26 ~~specified, the rate is that specified in [applicable statute].~~

27
28 **Reporters' Note**

1
2 Section 106 deletes subsection (b) and conforms to HUB Section 1-702 by eliminating
3 the reference to local statute to specify the interest rate.
4

5 **SECTION ~~105~~ 107. EXECUTION, DELIVERING, FILING, AND RECORDING**
6 **OF STATEMENTS.**

7 (a) ~~A statement may be filed in the office of [the Secretary of State]. A certified copy of a~~
8 ~~statement that is filed in an office in another State may be filed in the office of [the Secretary of~~
9 ~~State]. Either filing has the effect provided in this [Act] with respect to partnership property~~
10 ~~located in or transactions that occur in this State. A statement permitted by this [act] may be~~
11 delivered to the [Secretary of State] for filing.

12 (b) ~~A certified copy of a statement that has been filed in the office of the [Secretary of~~
13 ~~State] and recorded in the office for recording transfers of real property has the effect provided~~
14 ~~for recorded statements in this [Act]. A recorded statement that is not a certified copy of a~~
15 ~~statement filed in the office of the [Secretary of State] does not have the effect provided for~~
16 ~~recorded statements in this [Act]. To be filed by the [Secretary of State] pursuant to this [act], a~~
17 statement must be received by the office of the [Secretary of State] and must comply with this
18 [act] and satisfy the following:

19 (1) The statement must be physically delivered in written form unless the
20 [Secretary of State] permits electronic delivery of records in other than written form.

21 (2) The words in the statement must be in English, and numbers must be in Arabic
22 or Roman numerals, but the name of the partnership need not be in English if written in English
23 letters or Arabic or Roman numerals.

24 (3) The statement must be signed by an individual authorized to sign the statement
25 under subsection (c).

1 (4) The statement must state the name and capacity, if any, of the individual who
2 signed it but need not contain a seal, attestation, acknowledgment, or verification.

3 ~~(c) A statement filed by a partnership must be executed by at least two partners. Other~~
4 ~~statements must be executed by a partner or other person authorized by this [Act]. An individual~~
5 ~~who executes a statement as, or on behalf of, a partner or other person named as a partner in a~~
6 ~~statement shall personally declare under penalty of perjury that the contents of the statement are~~
7 ~~accurate. A statement delivered to the [Secretary of State] for filing pursuant to this [act] must~~
8 be signed, as follows:

9 (1) if a partnership statement, by a partner, or that partner's agent; and

10 (2) if by a partner, by that partner, or that partner's agent.

11 ~~(d) A person authorized by this [Act] to file a statement may amend or cancel the~~
12 ~~statement by filing an amendment or cancellation that names the partnership, identifies the~~
13 ~~statement, and states the substance of the amendment or cancellation. A statement filing is~~
14 effective:

15 (1) on the date and at the time of its filing by the [Secretary of State];

16 (2) on the date of filing and at the time specified in the partnership filing as its
17 effective time, if later than the time under paragraph (1); or

18 (3) at a specified delayed effective time and date, which may not be more than 90
19 days after the date of filing.

20 ~~(e) A person who files a statement pursuant to this section shall promptly send a copy of~~
21 ~~the statement to every nonfiling partner and to any other person named as a partner in the~~
22 ~~statement. Failure to send a copy of a statement to a partner or other person does not limit the~~
23 ~~effectiveness of the statement as to a person not a partner. A certified copy of a statement that is~~

1 filed in an office in another state may be delivered to the [the Secretary of State] for filing. The
2 filing has the effect provided in this [act] with respect to partnership property located in or
3 transactions that occur in this state.

4 (f) ~~The [Secretary of State] may collect a fee for filing or providing a certified copy of a~~
5 ~~statement. The [officer responsible for recording transfers of real property] may collect a fee for~~
6 ~~recording a statement.~~ A certified copy of a statement filed by the [Secretary of State] and
7 recorded in the office for recording transfers of real property has the effect provided for recorded
8 statements in this [act]. A recorded statement that is not a certified copy of a statement filed by
9 the [Secretary of State] does not have the effect provided for recorded statements in this [act].

10 (g) A person authorized by this [act] to deliver a statement for filing by the [Secretary of
11 State] may amend or withdraw the statement by delivering for filing by the [Secretary of State]
12 an amendment or withdrawal that names the partnership, identifies the statement, and states the
13 substance of the amendment or withdrawal.

14 (h) A person who delivers a statement for filing by the [Secretary of State] pursuant to
15 this section shall promptly send a copy of the filed statement to every nonfiling partner and to
16 any other person named as a partner in the statement. Failure to send a copy of a statement to a
17 partner or other person does not limit the effectiveness of the statement as to a person not a
18 partner.

19 **Reporters' Note**

20
21 Section 107 conforms to the basic paradigm that documents are delivered to the filing
22 authority for the filing authority to actually file. HUB Section 1-203 leaves the entity specific
23 filing matters to the entity spoke. Section 107(b) conforms to HUB Section 1-201 and RULLCA
24 Sections 203-205, as harmonized. Section 107(c) conforms to RULLCA Section 203 (Signing of
25 Records) and cannot be harmonized with the HUB that presumes this matter is dealt with in the
26 entity spoke. Section 107(d) conforms to RULLCA Section 206 (harmonized version) and HUB
27 Section 1-203. However, Section 107(d) omits RULLCA Section 206(d)(4) as inapplicable to a
28 partnership. Section 107(e) restates former Section 105(b) (first sentence). Section 107(f) restates

1 former Section 105(b) (second sentence). Section 107(g) restates former Section 105(d) and
2 conforms to RULLCA Section 207 (harmonized version). Section 107(h) restates former Section
3 105(e).
4

5 **SECTION ~~106~~ 108. GOVERNING LAW.** ~~(a) Except as otherwise provided in~~
6 ~~subsection (b), the~~ The law of this state, in the case of a limited liability partnership, or in other
7 cases, the law of the jurisdiction in which a partnership has its chief executive office governs
8 relations among the partners and between the partners and the partnership. principal office
9 governs:

10 (1) the internal affairs of the partnership or limited liability partnership; and
11 (2) the liability of a partner as a partner for the debts, obligations, and other liabilities of
12 the partnership or limited liability partnership.

13 ~~(b) The law of this State governs relations among the partners and between the partners~~
14 ~~and the partnership and the liability of partners for an obligation of a limited liability partnership.~~

15 **Reporters' Notes**

16
17 Section 108 restates prior Section 106 to conform the governing law principles to HUB
18 Section 1-501. Section 108 also rejects the concept of a chief executive office in favor of an
19 expanded concept of a principal office defined in HUB Section 1-102(31).
20

21 **SECTION ~~107~~ 109. PARTNERSHIP SUBJECT TO AMENDMENT OR REPEAL**
22 **OF [ACT].** ~~A partnership governed by this [Act] is subject to any amendment to or repeal of~~
23 ~~this [Act].~~ The [Legislature of this state] has the power to amend or repeal all or part of this [act]
24 at any time, and all domestic or foreign partnerships subject to this [act] are governed by the
25 amendment or repeal.

26 **Reporters' Note**

27
28 Section 109 conforms prior Section 107 to HUB Section 1-701.
29

1 [ARTICLE] 2

2 NATURE OF PARTNERSHIP

3
4 SECTION 201. PARTNERSHIP AS ENTITY.

5 (a) A partnership is an entity distinct from its partners.

6 (b) A limited liability partnership continues to be the same entity that existed before the
7 filing of a statement of qualification under Section 1001.

8 SECTION 202. FORMATION OF PARTNERSHIP.

9 (a) Except as otherwise provided in subsection (b), the association of two or more
10 persons to carry on as co-owners a business for profit forms a partnership, whether or not the
11 persons intend to form a partnership.

12 (b) An association formed under a statute other than this ~~[Act]~~ [act], a predecessor statute,
13 or a comparable statute of another jurisdiction is not a partnership under this ~~[Act]~~ [act].

14 (c) In determining whether a partnership is formed, the following rules apply:

15 (1) Joint tenancy, tenancy in common, tenancy by the entireties, joint property,
16 common property, or part ownership does not by itself establish a partnership, even if the co-
17 owners share profits made by the use of the property.

18 (2) The sharing of gross returns does not by itself establish a partnership, even if
19 the persons sharing them have a joint or common right or interest in property from which the
20 returns are derived.

21 (3) A person who receives a share of the profits of a business is presumed to be a
22 partner in the business, unless the profits were received in payment:

23 (i) ~~(A)~~ (A) of a debt by installments or otherwise;

24 (ii) ~~(B)~~ (B) for services as an independent contractor or of wages or other

1 compensation to an employee;

2 ~~(iii)~~ (C) of rent;

3 ~~(iv)~~ (D) of an annuity or other retirement or health benefit to a beneficiary,
4 representative, or designee of a deceased or retired partner;

5 ~~(v)~~ (E) of interest or other charge on a loan, even if the amount of payment
6 varies with the profits of the business, including a direct or indirect present or future ownership
7 of the collateral, or rights to income, proceeds, or increase in value derived from the collateral; or

8 ~~(vi)~~ (F) for the sale of the goodwill of a business or other property by
9 installments or otherwise.

10 **SECTION 203. PARTNERSHIP PROPERTY.** Property acquired by a partnership is
11 property of the partnership and not of the partners individually.

12 **SECTION 204. WHEN PROPERTY IS PARTNERSHIP PROPERTY.**

13 (a) Property is partnership property if acquired in the name of:

14 (1) the partnership; or

15 (2) one or more partners with an indication in the instrument transferring title to
16 the property of the person's capacity as a partner or of the existence of a partnership but without
17 an indication of the name of the partnership.

18 (b) Property is acquired in the name of the partnership by a transfer to:

19 (1) the partnership in its name; or

20 (2) one or more partners in their capacity as partners in the partnership, if the
21 name of the partnership is indicated in the instrument transferring title to the property.

22 (c) Property is presumed to be partnership property if purchased with partnership assets,
23 even if not acquired in the name of the partnership or of one or more partners with an indication

1 in the instrument transferring title to the property of the person's capacity as a partner or of the
2 existence of a partnership.

3 (d) Property acquired in the name of one or more of the partners, without an indication in
4 the instrument transferring title to the property of the person's capacity as a partner or of the
5 existence of a partnership and without use of partnership assets, is presumed to be separate
6 property, even if used for partnership purposes.

7

1 [ARTICLE] 3

2 RELATIONS OF PARTNERS TO PERSONS DEALING WITH PARTNERSHIP

3
4 SECTION 301. PARTNER AGENT OF PARTNERSHIP. Subject to the effect of a
5 statement of partnership authority under Section 303, the following rules apply:

6 (1) Each partner is an agent of the partnership for the purpose of its business. An act of a
7 partner, including the execution of an instrument in the partnership name, for apparently carrying
8 on in the ordinary course the partnership business or business of the kind carried on by the
9 partnership binds the partnership, unless the partner had no authority to act for the partnership in
10 the particular matter and the person with whom the partner was dealing knew or had received a
11 notification that the partner lacked authority.

12 (2) An act of a partner which is not apparently for carrying on in the ordinary course the
13 partnership business or business of the kind carried on by the partnership binds the partnership
14 only if the act was authorized by the other partners.

15 SECTION 302. TRANSFER OF PARTNERSHIP PROPERTY.

16 (a) Partnership property may be transferred as follows:

17 (1) Subject to the effect of a statement of partnership authority under Section 303,
18 partnership property held in the name of the partnership may be transferred by an instrument of
19 transfer executed by a partner in the partnership name.

20 (2) Partnership property held in the name of one or more partners with an
21 indication in the instrument transferring the property to them of their capacity as partners or of
22 the existence of a partnership, but without an indication of the name of the partnership, may be
23 transferred by an instrument of transfer executed by the persons in whose name the property is
24 held.

(3) Partnership property held in the name of one or more persons other than the partnership, without an indication in the instrument transferring the property to them of their capacity as partners or of the existence of a partnership, may be transferred by an instrument of transfer executed by the persons in whose name the property is held.

(b) A partnership may recover partnership property from a transferee only if it proves that execution of the instrument of initial transfer did not bind the partnership under Section 301 and:

(1) as to a subsequent transferee who gave value for property transferred under subsection (a)(1) and (2), proves that the subsequent transferee knew or had received a notification that the person who executed the instrument of initial transfer lacked authority to bind the partnership; or

(2) as to a transferee who gave value for property transferred under subsection (a)(3), proves that the transferee knew or had received a notification that the property was partnership property and that the person who executed the instrument of initial transfer lacked authority to bind the partnership.

(c) A partnership may not recover partnership property from a subsequent transferee if the partnership would not have been entitled to recover the property, under subsection (b), from any earlier transferee of the property.

(d) If a person holds all of the partners' interests in the partnership, all of the partnership property vests in that person. The person may execute a document in the name of the partnership to evidence vesting of the property in that person and may file or record the document.

SECTION 303. STATEMENT OF PARTNERSHIP AUTHORITY.

(a) A partnership may ~~file~~ deliver to the [Secretary of State] for filing a statement of partnership authority. ~~which~~ The statement:

1 (1) must include:

2 (i) the name of the partnership; and

3 (ii) the street and mailing address of its ~~chief executive~~ principal office

4 and of one office in this ~~State~~ state, if there is one.

5 (iii) ~~the names and mailing addresses of all of the partners or of an agent~~
6 ~~appointed and maintained by the partnership for the purpose of subsection (b); and~~

7 (iv) ~~the names of the partners authorized to execute an instrument~~
8 ~~transferring real property held in the name of the partnership; and~~

9 (2) ~~may state the authority, or limitations on the authority, of some or all of the~~
10 ~~partners to enter into other transactions on behalf of the partnership and any other matter.~~

11 ~~(b) If a statement of partnership authority names an agent, the agent shall maintain a list~~
12 ~~of the names and mailing addresses of all of the partners and make it available to any person on~~
13 ~~request for good cause shown.~~

14 ~~(c) If a filed statement of partnership authority is executed pursuant to Section 105(c)~~
15 ~~and states the name of the partnership but does not contain all of the other information required~~
16 ~~by subsection (a), the statement nevertheless operates with respect to a person not a partner as~~
17 ~~provided in subsections (d) and (e).~~

18 ~~(d) Except as otherwise provided in subsection (g), a filed statement of partnership~~
19 ~~authority supplements the authority of a partner to enter into transactions on behalf of the~~
20 ~~partnership as follows:~~

21 ~~(1) Except for transfers of real property, a grant of authority contained in a filed~~
22 ~~statement of partnership authority is conclusive in favor of a person who gives value without~~
23 ~~knowledge to the contrary, so long as and to the extent that a limitation on that authority is not~~

1 ~~then contained in another filed statement. A filed cancellation of a limitation on authority revives~~
2 ~~the previous grant of authority.~~

3 ~~(2) A grant of authority to transfer real property held in the name of the~~
4 ~~partnership contained in a certified copy of a filed statement of partnership authority recorded in~~
5 ~~the office for recording transfers of that real property is conclusive in favor of a person who~~
6 ~~gives value without knowledge to the contrary, so long as and to the extent that a certified copy~~
7 ~~of a filed statement containing a limitation on that authority is not then of record in the office for~~
8 ~~recording transfers of that real property. The recording in the office for recording transfers of~~
9 ~~that real property of a certified copy of a filed cancellation of a limitation on authority revives~~
10 ~~the previous grant of authority.~~

11 ~~(e) A person not a partner is deemed to know of a limitation on the authority of a partner~~
12 ~~to transfer real property held in the name of the partnership if a certified copy of the filed~~
13 ~~statement containing the limitation on authority is of record in the office for recording transfers~~
14 ~~of that real property.~~

15 ~~(f) Except as otherwise provided in subsections (d) and (e) and Sections 704 and 805, a~~
16 ~~person not a partner is not deemed to know of a limitation on the authority of a partner merely~~
17 ~~because the limitation is contained in a filed statement.~~

18 ~~(g) Unless earlier canceled, a filed statement of partnership authority is canceled by~~
19 ~~operation of law five years after the date on which the statement, or the most recent amendment,~~
20 ~~was filed with the [Secretary of State].~~

21 (2) with respect to any position that exists in or with respect to the partnership,
22 may state the authority, or limitations on the authority, of all persons holding the position to:

23 (A) execute an instrument transferring real property held in the name of

1 the partnership; or

2 (B) enter into other transactions on behalf of, or otherwise act for or bind,

3 the partnership; and

4 (3) may state the authority, or limitations on the authority, of a specific person to:

5 (A) execute an instrument transferring real property held in the name of

6 the partnership; or

7 (B) enter into other transactions on behalf of, or otherwise act for or bind,

8 the partnership.

9 (b) To amend or withdraw a statement of authority filed by the [Secretary of State] under
10 Section 107(g), a partnership must deliver to the [Secretary of State] for filing an amendment or
11 withdrawal stating:

12 (1) the name of the partnership;

13 (2) the street and mailing address of the partnership's principal office and of one
14 office in this state, if there is one;

15 (3) the date the statement being affected became effective; and

16 (4) the contents of the amendment or a declaration that the statement being
17 affected is canceled.

18 (c) A statement of authority affects only the power of a person to bind a partnership to
19 persons that are not partners.

20 (d) Subject to subsection (c) and Section 102(d) and except as otherwise provided in
21 subsections (f), (g), and (h), a limitation on the authority of a person or a position contained in an
22 effective statement of authority is not by itself evidence of knowledge or notice of the limitation
23 by any person.

1 (e) Subject to subsection (c), a grant of authority not pertaining to transfers of real
2 property and contained in an effective statement of authority is conclusive in favor of a person
3 that gives value in reliance on the grant, except to the extent that if the person gives value:

4 (1) the person has knowledge to the contrary;

5 (2) the statement has been canceled or restrictively amended under subsection (b);

6 or

7 (3) a limitation on the grant is contained in another statement of authority that
8 became effective after the statement containing the grant became effective.

9 (f) Subject to subsection (c), an effective statement of authority that grants authority to
10 transfer real property held in the name of the partnership and that is recorded by certified copy in
11 the office for recording transfers of the real property is conclusive in favor of a person that gives
12 value in reliance on the grant without knowledge to the contrary, except to the extent that when
13 the person gives value:

14 (1) the statement has been canceled or restrictively amended under subsection (b)
15 and a certified copy of the cancellation or restrictive amendment has been recorded in the office
16 for recording transfers of the real property; or

17 (2) a limitation on the grant is contained in another statement of authority that
18 became effective after the statement containing the grant became effective and a certified copy of
19 the later-effective statement is recorded in the office for recording transfers of the real property.

20 (g) Subject to subsection (c), if a certified copy of an effective statement containing a
21 limitation on the authority to transfer real property held in the name of a partnership is recorded
22 in the office for recording transfers of that real property, all persons are deemed to know of the
23 limitation.

(h) Subject to subsection (i), an effective statement of dissolution is a cancellation of any filed statement of authority for the purposes of subsection (f) and is a limitation on authority for purposes of subsection (g).

(i) After a statement of dissolution becomes effective, a partnership may deliver to the [Secretary of State] for filing and, if appropriate, may record a statement of authority that is designated as a post-dissolution statement of authority.

(j) Unless canceled earlier, an effective statement of authority is canceled by operation of law five years after the date on which the statement or its most recent amendment becomes effective. Cancellation is effective without recording under subsection (f) or (g).

(k) An effective statement of denial operates as a restrictive amendment under this section and may be recorded by certified copy for purposes of subsection (f)(1).

Reporters' Note

Section 303 is conformed to RULLCA Section 302.

SECTION 304. STATEMENT OF DENIAL. ~~A partner or other person named as a partner in a filed statement of partnership authority or in a list maintained by an agent pursuant to Section 303(b) may file a statement of denial stating the name of the partnership and the fact that is being denied, which may include denial of a person's authority or status as a partner. A statement of denial is a limitation on authority as provided in Section 303(d) and (e). A person named in a filed statement of authority granting that person authority may deliver to the [Secretary of State] for filing a statement of denial that:~~

(1) provides the name of the partnership and the caption of the statement of authority to

which the statement of denial pertains; and

(2) denies the grant of authority.

1 **Reporters' Note**

2
3 Section 304 is conformed to RULLCA Section 303.
4

5 **SECTION 305. PARTNERSHIP LIABLE FOR PARTNER'S ACTIONABLE**
6 **CONDUCT.**

7 (a) A partnership is liable for loss or injury caused to a person, or for a penalty incurred,
8 as a result of a wrongful act or omission, or other actionable conduct, of a partner acting in the
9 ordinary course of business of the partnership or with authority of the partnership.

10 (b) If, in the course of the partnership's business or while acting with authority of the
11 partnership, a partner receives or causes the partnership to receive money or property of a person
12 not a partner, and the money or property is misapplied by a partner, the partnership is liable for
13 the loss.

14 **SECTION 306. PARTNER'S LIABILITY.**

15 (a) Except as otherwise provided in subsections (b) and (c), all partners are liable jointly
16 and severally for all obligations of the partnership unless otherwise agreed by the claimant or
17 provided by law.

18 (b) A person admitted as a partner into an existing partnership is not personally liable for
19 any partnership obligation incurred before the person's admission as a partner.

20 ~~(c) An obligation of a partnership incurred while the partnership is a limited liability~~
21 ~~partnership, whether arising in contract, tort, or otherwise, is solely the obligation of the~~
22 ~~partnership. A partner is not personally liable, directly or indirectly, by way of contribution or~~
23 ~~otherwise, for such an obligation solely by reason of being or so acting as a partner. A debt,~~
24 ~~obligation, or other liability of a limited liability partnership is solely the debt, obligation, or~~
25 ~~liability of the limited liability partnership. A partner, manager, agent of the partnership, or agent~~

1 of a manager is not personally liable, directly or indirectly, by way of contribution or otherwise,
2 for a debt, obligation, or other liability of the limited liability partnership solely by reason of
3 being or acting as a partner, manager, agent of the limited liability partnership, or agent of a
4 partner or manager. This subsection applies notwithstanding anything inconsistent in the
5 partnership agreement that existed immediately before the vote required to become a limited
6 liability partnership under Section 1001(b).

7 (d) The failure of a limited liability partnership to observe any particular formalities
8 relating to the management of its activities is not a ground for imposing liability on any partner,
9 manager, agent of the partnership, or agent of a manager, for any debt, obligation, or other
10 liability of the limited liability partnership.

11 **Reporters' Note**

12
13 Section 306(c) is conformed to Trust Act Section 304(e) and RULLCA Section 304.
14 Section 306(d) is conformed to RULLCA Section 304(b).
15

16 **SECTION 307. ACTIONS BY AND AGAINST PARTNERSHIP AND** 17 **PARTNERS.**

18 (a) A partnership may sue and be sued in the name of the partnership.

19 (b) An action may be brought against the partnership and, to the extent not inconsistent
20 with Section 306, any or all of the partners in the same action or in separate actions.

21 (c) A judgment against a partnership is not by itself a judgment against a partner. A
22 judgment against a partnership may not be satisfied from a partner's assets unless there is also a
23 judgment against the partner.

24 (d) A judgment creditor of a partner may not levy execution against the assets of the
25 partner to satisfy a judgment based on a claim against the partnership unless the partner is

1 personally liable for the claim under Section 306 and:

2 (1) a judgment based on the same claim has been obtained against the partnership
3 and a writ of execution on the judgment has been returned unsatisfied in whole or in part;

4 (2) the partnership is a debtor in bankruptcy;

5 (3) the partner has agreed that the creditor need not exhaust partnership assets;

6 (4) a court grants permission to the judgment creditor to levy execution against
7 the assets of a partner based on a finding that partnership assets subject to execution are clearly
8 insufficient to satisfy the judgment, that exhaustion of partnership assets is excessively
9 burdensome, or that the grant of permission is an appropriate exercise of the court's equitable
10 powers; or

11 (5) liability is imposed on the partner by law or contract independent of the
12 existence of the partnership.

13 (e) This section applies to any partnership liability or obligation resulting from a
14 representation by a partner or purported partner under Section 308.

15 **SECTION 308. LIABILITY OF PURPORTED PARTNER.**

16 (a) If a person, by words or conduct, purports to be a partner, or consents to being
17 represented by another as a partner, in a partnership or with one or more persons not partners, the
18 purported partner is liable to a person to whom the representation is made, if that person, relying
19 on the representation, enters into a transaction with the actual or purported partnership. If the
20 representation, either by the purported partner or by a person with the purported partner's
21 consent, is made in a public manner, the purported partner is liable to a person who relies upon
22 the purported partnership even if the purported partner is not aware of being held out as a partner
23 to the claimant. If partnership liability results, the purported partner is liable with respect to that

1 liability as if the purported partner were a partner. If no partnership liability results, the purported
2 partner is liable with respect to that liability jointly and severally with any other person
3 consenting to the representation.

4 (b) If a person is thus represented to be a partner in an existing partnership, or with one or
5 more persons not partners, the purported partner is an agent of persons consenting to the
6 representation to bind them to the same extent and in the same manner as if the purported partner
7 were a partner, with respect to persons who enter into transactions in reliance upon the
8 representation. If all of the partners of the existing partnership consent to the representation, a
9 partnership act or obligation results. If fewer than all of the partners of the existing partnership
10 consent to the representation, the person acting and the partners consenting to the representation
11 are jointly and severally liable.

12 (c) A person is not liable as a partner merely because the person is named by another in a
13 statement of partnership authority.

14 (d) A person does not continue to be liable as a partner merely because of a failure to file
15 a statement of dissociation or to amend a statement of partnership authority to indicate the
16 partner's dissociation from the partnership.

17 (e) Except as otherwise provided in subsections (a) and (b), persons who are not partners
18 as to each other are not liable as partners to other persons.

1 [ARTICLE] 4

2 RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

3
4 SECTION 401. PARTNER'S RIGHTS AND DUTIES.

5 ~~(a) Each partner is deemed to have an account that is:~~

6 ~~(1) credited with an amount equal to the money plus the value of any other~~
7 ~~property, net of the amount of any liabilities, the partner contributes to the partnership and the~~
8 ~~partner's share of the partnership profits; and~~

9 ~~(2) charged with an amount equal to the money plus the value of any other~~
10 ~~property, net of the amount of any liabilities, distributed by the partnership to the partner and the~~
11 ~~partner's share of the partnership losses.~~

12 ~~(b)~~ (a) Each partner is entitled to an equal share of the partnership profits and is
13 chargeable with a share of the partnership losses in proportion to the partner's share of the
14 profits.

15 ~~(c)~~ (b) ~~A partnership shall reimburse a partner for payments made and indemnify a~~
16 ~~partner for liabilities incurred by the partner in the ordinary course of the business of the~~
17 ~~partnership or for the preservation of its business or property. A partnership shall reimburse a~~
18 ~~partner for any payment made and indemnify the partner for any debt, obligation, or liability~~
19 ~~incurred by the partner in the course of the partner's activities on behalf of the partnership, if the~~
20 ~~partner complied with the duties stated in Sections 403 and 405 in making the payment or~~
21 ~~incurring the debt, obligation, or liability.~~

22 (c) A partnership shall indemnify and hold harmless a partner with respect to any claim or
23 demand against the person by reason of the person's former or present capacity as partner, if the
24 claim or demand does not arise from the person's breach of a duty stated in Section 403 or 405.

1 (d) As a activity in the ordinary course of its activities, a partnership may advance
2 expenses, including reasonable attorney's fees and costs, incurred by a partner in connection with
3 a claim or demand against the person by reason of the person's former or present capacity as a
4 partner, upon an undertaking by the person to repay the partnership if the person ultimately is
5 determined not to be entitled to be indemnified under subsection (b).

6 ~~(d)~~ (e) A partnership shall reimburse a partner for an advance to the partnership beyond
7 the amount of capital the partner agreed to contribute.

8 ~~(e)~~ (f) A payment or advance made by a partner which gives rise to a partnership
9 obligation under ~~subsection (e) or (d)~~ subsections (b), (c), (d) or (e) constitutes a loan to the
10 partnership which accrues interest from the date of the payment or advance.

11 ~~(f)~~ (g) Each partner has equal rights in the management and conduct of the partnership
12 business.

13 ~~(g)~~ (h) A partner may use or possess partnership property only on behalf of the
14 partnership.

15 ~~(h)~~ (i) A partner is not entitled to remuneration for services performed for the partnership,
16 except for reasonable compensation for services rendered in winding up the business of the
17 partnership.

18 ~~(i)~~ (j) A person may become a partner only with the consent of all of the partners.

19 ~~(j)~~ (k) A difference arising as to a matter in the ordinary course of business of a
20 partnership may be decided by a majority of the partners. An act outside the ordinary course of
21 business of a partnership, ~~and an amendment to the partnership agreement, and the approval of a~~
22 merger, conversion, or domestication may be undertaken only with the consent of all of the
23 partners.

~~(k)~~ (l) This section does not affect the obligations of a partnership to other persons under Section 301.

Reporters' Note

Section 401 is conformed RULLCA by eliminating the concept of a required account to which a partner's share of partnership items are debited and credited. Like RULLCA, a partnership states a simple default rule that distributions are to be made per capita unless the partnership agreement provides otherwise. Section 401(b) is conformed to RULLCA Section 408(a). Section 401(c) is conformed to RULLCA Section 408(b). Section 401(d) is new and conforms to RULLCA Section 408(c). Section 401(e) is former Section 401(d). Section 401(f) is former Section 401(e), expanded to include other circumstances when a partnership might incur an obligation. Section 401(g) is former Section 401(f). Section 401(h) is former Section 401(g). Section 401(i) is former Section 401(h). Section 401(j) is former Section 401(i). Section 401(k) is former Section 401(j), modified to reference expanded Article 9 and conform to RULLCA Section 407(c)(4). Section 401(l) is former Section 401(k).

SECTION 402. FORM OF CONTRIBUTION.

(a) A contribution may consist of property or other benefit to a partnership, including money, services performed, promissory notes, other agreements to contribute money or property, and contracts for services to be performed.

(b) A person may become a partner without acquiring a transferable interest and without making or being obligated to make a contribution to the partnership.

Reporters' Note

Section 402 is new and generally conforms to RULLCA Section 402. While former RUPA Section 401(a) permitted a contribution to an account, the term contribution or its permitted form was neither described nor defined. Section 402(b) is new, conforms to RULLCA Section 401(e), and expressly permits a person to become a partner without a contribution to the partnership.

SECTION 403. LIABILITY FOR CONTRIBUTION.

(a) A person's obligation to make a contribution to a partnership is not excused by the person's death, disability, or other inability to perform personally. If a person does not make a

1 required contribution, the person or the person's estate is obligated to contribute money equal to
2 the value of the part of the contribution which has not been made, at the option of the
3 partnership.

4 (b) The obligation of a person to make a contribution may be compromised only by
5 consent of all partners. A creditor of a limited liability partnership which extends credit or
6 otherwise acts in reliance on an obligation described in subsection (a) without notice of any
7 compromise under this subsection may enforce the obligation.

8 **Reporters' Note**

9
10 Section 403 is new and generally conforms to RULLCA Section 403 and ULPA 2001
11 Section 502. Section 403(b) conforms to RULLCA Section 403(b) and ULPA 2001 Section
12 502(c).
13

14 **SECTION 402 404. DISTRIBUTIONS IN KIND SHARING OF AND RIGHT TO**
15 **DISTRIBUTIONS BEFORE DISSOLUTION.** ~~A partner has no right to receive, and may not~~
16 ~~be required to accept, a distribution in kind.~~

17 (a) Any distributions made by a partnership before its dissolution and winding up must be
18 in equal shares among partners, except to the extent necessary to comply with any transfer
19 effective under Section 503 and any charging order in effect under Section 504.

20 (b) A person has a right to a distribution before the dissolution and winding up of a
21 partnership only if the partnership decides to make an interim distribution.

22 (c) A person does not have a right to demand or receive a distribution from a partnership
23 in any form other than money. Except as otherwise provided in Section 807, a partnership may
24 distribute an asset in kind if each part of the asset is fungible with each other part and each
25 person receives a percentage of the asset equal in value to the person's share of distributions.

26 (d) If a partner or transferee becomes entitled to receive a distribution, the partner or

1 transferee has the status of, and is entitled to all remedies available to, a creditor of the
2 partnership with respect to the distribution.

3 **Reporters' Note**

4
5 Section 404 replaces former Section 402 and conforms to RULLCA Section 404.
6

7 **SECTION 405. LIMITATIONS ON DISTRIBUTIONS OF A LIMITED** 8 **LIABILITY PARTNERSHIP.**

9 (a) In this section, the term “distribution” does not include amounts constituting
10 reasonable compensation for present or past services or reasonable payments made in the
11 ordinary course of business under a bona fide retirement plan or other benefits program.

12 (b) A limited liability partnership may not make a distribution if after the distribution:

13 (1) the limited liability partnership would not be able to pay its debts as they
14 become due in the ordinary course of the limited liability partnership's activities; or

15 (2) the limited liability partnership's total assets would be less than the sum of its
16 total liabilities plus the amount that would be needed, if the limited liability partnership were to
17 be dissolved and wound up at the time of the distribution, to satisfy the preferential rights upon
18 dissolution and winding up of partners whose preferential rights are superior to those of persons
19 receiving the distribution.

20 (c) A limited liability partnership may base a determination that a distribution is not
21 prohibited under subsection (b) on financial statements prepared on the basis of accounting
22 practices and principles that are reasonable in the circumstances or on a fair valuation or other
23 method that is reasonable under the circumstances.

24 (d) The effect of a distribution under subsection (b) is measured:

25 (1) in the case of a distribution of indebtedness:

1 (A) as of the date the indebtedness is distributed; and again

2 (B) as of the date each payment of principal or interest is made with each

3 payment treated as a distribution; and

4 (2) in all other cases, as of the date:

5 (A) the distribution is authorized, if the payment occurs not later than 120

6 days after that date; or

7 (B) the payment is made, if the payment occurs more than 120 days after

8 the distribution is authorized.

9 (e) A limited liability partnership's indebtedness, including indebtedness issued in

10 connection with or as part of a distribution, is not a liability for purposes of subsection (b) if the

11 terms of the indebtedness provide that payment of principal and interest are made only to the

12 extent that a distribution could be made under this section.

13 (f) A limited liability partnership's indebtedness incurred by reason of a distribution

14 made in accordance with this section has the same priority as the partnership's indebtedness to

15 its general, unsecured creditors except to the extent subordinated by agreement.

16 (g) This section does not apply to distributions under Section 807.

17 **Reporters' Note**

18
19 Section 405 is new. Prior to the LLP amendments to RUPA, a distributions liability rule
20 was not necessary because all partners were liable for all partnership obligations. When the
21 limited liability partnership amendments were added in 1997, the drafting committee considered
22 the matter but in the interest of simplicity preferred to allow fraudulent transfer and conveyance
23 law to solve the problem. Section 405 now conforms to RULLCA Section 405 to make a partner
24 of a limited liability partnership subject to the same liability rules applicable to other entity forms
25 with a liability shield. The phrase "limited liability partnership" is repeated even within a
26 subsection to clarify this section only applies to an LLP and not to a general partnership. For
27 partnerships in transition, the limitation will only apply when a distribution occurred while the
28 entity was a limited liability partnership. Section 405(b)(2) conforms to RULLCA Section 405(2)
29 but without the concept of termination. Section 405 does not apply to distributions made in
30 winding up a limited liability partnership.

1
2 **SECTION 406. LIABILITY FOR IMPROPER DISTRIBUTIONS OF LIMITED**
3 **LIABILITY PARTNERSHIP.**

4 (a) Except as otherwise provided in subsection (b), if a partner of a limited liability
5 partnership consents to a distribution made in violation of Section 403 and in consenting to the
6 distribution fails to comply with Section 408, the partner is personally liable to the limited
7 liability partnership for the amount of the distribution that exceeds the amount that could have
8 been distributed without the violation of Section 403.

9 (b) To the extent the partnership agreement expressly relieves a partner of the authority
10 and responsibility to consent to distributions and imposes that authority and responsibility on one
11 or more other partners, the liability under subsection (a) applies to the other partners and not the
12 partner that the partnership agreement relieves of authority and responsibility.

13 (c) A person that receives a distribution knowing that the distribution to that person was
14 made in violation of Section 403 is personally liable to the limited liability partnership but only
15 to the extent that the distribution received by the person exceeded the amount that could have
16 been properly paid under Section 403.

17 (d) A person against which an action is commenced because the person is liable under
18 subsection (a) may:

19 (1) implead any other person that is subject to liability under subsection (a) and
20 seek to enforce a right of contribution from the person; and

21 (2) implead any person that received a distribution in violation of subsection (c)
22 and seek to enforce a right of contribution from the person in the amount the person received in
23 violation of subsection (c).

1 **Reporters' Note**

2
3 Section 407 is a modification of former Section 403 and partially conforms to RULLCA
4 Section 410. Section 407 also incorporates the new reference to principal office and eliminates
5 the concept of chief executive office.
6

7 **SECTION ~~404~~ 408. GENERAL STANDARDS OF PARTNER'S CONDUCT.**

8 ~~(a) The only fiduciary duties a partner owes to the partnership and the other partners are~~
9 ~~the duty of loyalty and the duty of care set forth in subsections (b) and (c).~~

10 ~~(b) (a) A partner's to the partnership and the other partners is limited to the following~~ The
11 duty of loyalty of a partner includes the duties:

12 (1) to account to the partnership and hold as trustee for it any property, profit, or
13 benefit derived by the partner:

14 (A) in the conduct ~~and~~ or winding up of the ~~partnership~~ partnership's
15 business;

16 (B) ~~or derived~~ from a use by the partner of the partnership partnership's
17 property; or

18 (C) ~~including~~ from the appropriation of a partnership opportunity.

19 (2) to refrain from dealing with the partnership in the conduct or winding up of
20 the partnership business as or on behalf of a ~~party~~ person having an interest adverse to the
21 partnership; and

22 (3) to refrain from competing with the partnership in the conduct of the
23 ~~partnership~~ partnership's business before the dissolution of the partnership.

24 ~~(c)~~ (b) A partner's duty of care to the partnership and the other partners in the conduct
25 and winding up of the partnership business is limited to refraining from engaging in grossly
26 negligent or reckless conduct, intentional misconduct, or a knowing violation of law.

(d) (c) A partner shall discharge the duties to the partnership and the other partners under this ~~[Act]~~ [act] or under the partnership agreement and exercise any rights consistently with the contractual obligation of good faith and fair dealing.

(e) (d) A partner does not violate a duty or obligation under this ~~[Act]~~ [act] or under the partnership agreement merely because the partner's conduct furthers the partner's own interest.

(f) (e) A partner may lend money to and transact other business with the partnership, and as to each loan or transaction the rights and obligations of the partner are the same as those of a person who is not a partner, subject to other applicable law. It is a defense to a claim under subsection (a)(2) and any comparable claim in equity or at common law that the transaction was fair to the partnership.

~~(g)~~ (f) This section applies to a person winding up the partnership business as the personal or legal representative of the last surviving partner as if the person were a partner.

Reporters' Note

Section 408 is a modification of former Section 404. Former Section 404(a) is eliminated thereby freeing the concept of duties to expand. Section 408(b) conforms to RULLCA Section 409(a) and no longer states the duty of loyalty as fiduciary in nature and affirms the stated duties are not exclusive. Otherwise Section 408(b) merely separately states the former components of the referenced former Section 404(b) duties of loyalty. Section 408(c), like RULLCA, clarifies the obligation of good faith and fair dealing is contractual in nature. Section 408(e) clarifies that fairness of the transaction is an ultimate defense to a breach of duty of loyalty specified under Section 408(a)(2).

SECTION 405 409. ACTIONS BY PARTNERSHIP AND PARTNER.

(a) A partnership may maintain an action against a partner for a breach of the partnership agreement, or for the violation of a duty to the partnership, causing harm to the partnership.

(b) A partner may maintain an action against the partnership or another partner for legal or equitable relief, with or without an accounting as to partnership business, to:

1 (1) enforce the partner's rights under the partnership agreement;

2 (2) enforce the partner's rights under this ~~{Act}~~ [act], including:

3 ~~(i)~~ (A) the partner's rights under Sections 401, 407, or 408;

4 ~~(ii)~~ (B) the partner's right on dissociation to have the partner's interest in
5 the partnership purchased pursuant to Section 701 or enforce any other right under [Article] 6 or
6 7; or

7 ~~(iii)~~ (C) the partner's right to compel a dissolution and winding up of the
8 partnership business under Section 801 or enforce any other right under [Article] 8; or

9 (3) enforce the rights and otherwise protect the interests of the partner, including
10 rights and interests arising independently of the partnership relationship.

11 (c) The accrual of, and any time limitation on, a right of action for a remedy under this
12 section is governed by other law. A right to an accounting upon a dissolution and winding up
13 does not revive a claim barred by law.

14 **Reporters' Note**

15
16 At the March 2010 meeting, the drafting committee discussed and rejected the concept of
17 a RULLCA derivative action. The committee chose to retain the traditional concept of a partner's
18 right to bring a direct action without a derivative filter. Accordingly, Section 409 is a replica of
19 former Section 405.
20

21 **SECTION ~~406~~ 410. CONTINUATION OF PARTNERSHIP BEYOND DEFINITE** 22 **TERM OR PARTICULAR UNDERTAKING.**

23 (a) If a partnership for a definite term or particular undertaking is continued, without an
24 express agreement, after the expiration of the term or completion of the undertaking, the rights
25 and duties of the partners remain the same as they were at the expiration or completion, so far as
26 is consistent with a partnership at will.

1 (b) If the partners, or those of them who habitually acted in the business during the term
2 or undertaking, continue the business without any settlement or liquidation of the partnership,
3 they are presumed to have agreed that the partnership will continue.

4

1 [ARTICLE] 5

2 TRANSFEREES AND CREDITORS OF PARTNER

3
4 SECTION 501. PARTNER NOT CO-OWNER OF PARTNERSHIP PROPERTY.

5 A partner is not a co-owner of partnership property and has no interest in partnership property
6 ~~which~~ that can be transferred, either voluntarily or involuntarily.

7 SECTION 502. ~~PARTNER'S NATURE OF TRANSFERABLE INTEREST IN-~~
8 ~~PARTNERSHIP.~~ The only transferable interest of a partner in the partnership which is
9 transferable is the partner's share of the profits and losses of the partnership and the partner's
10 right to receive distributions transferable interest. ~~The~~ A transferable interest is personal property.

11 Reporters' Note

12
13 Unlike RUPA, RULLCA Section 102(21) specifically defines the term "transferable
14 interest." Consequently, revised Section 502 simply confirms that is the only interest of a partner
15 that may be transferred. This conforms RUPA Section 502 to RULLCA Section 501 and ULPA
16 2001 Section 701.
17

18 SECTION 503. TRANSFER OF ~~PARTNER'S TRANSFERABLE INTEREST.~~

19 (a) A transfer, in whole or in part, of a partner's transferable interest ~~in the partnership:~~
20 (1) is permissible;
21 (2) does not by itself cause ~~the~~ a partner's dissociation or a dissolution and
22 winding up of the partnership business; and
23 (3) subject to Section 505, does not, ~~as against the other partners or the~~
24 ~~partnership,~~ entitle the transferee to:
25 (A) during the continuance of the partnership, to participate in the
26 management or conduct of the ~~partnership~~ partnership's business; or

1 ~~(B) business, to require~~ except as otherwise provided in subsection (c),
2 have access to records or other information concerning the partnership partnership's transactions,
3 or to inspect or copy the partnership books or records business.

4 (b) A transferee of a partner's transferable interest in the partnership has a the right:

5 (1) to receive, in accordance with the transfer, distributions to which the transferor
6 would otherwise be entitled; and

7 ~~(2) to receive upon the dissolution and winding up of the partnership business, in~~
8 ~~accordance with the transfer, the net amount otherwise distributable to the transferor; and~~

9 ~~(3) (2)~~ to seek under Section 801(6) a judicial determination that it is equitable to
10 wind up the partnership business.

11 (c) In a dissolution and winding up of a partnership, a transferee is entitled to an account
12 of ~~partnership~~ the partnership's transactions only from the date of the latest account agreed to by
13 all of the partners.

14 ~~(d) Upon transfer, the transferor retains the rights and duties of a partner other than the~~
15 ~~interest in distributions transferred.~~ Except as otherwise provided in Section 601(4)(B), if a
16 partner transfers a transferable interest, the transferor retains the rights of a member other than
17 the interest in distributions transferred and retains all duties and obligations of a member.

18 (e) A partnership need not give effect to a transferee's rights under this section until ~~it~~ the
19 partnership has notice of the transfer.

20 (f) A transfer of a partner's transferable interest ~~in the partnership~~ in violation of a
21 restriction on transfer contained in the partnership agreement is ineffective as to a person having
22 notice of the restriction at the time of transfer.

1 **Reporters' Note**

2
3 At the March 2010 meeting, the drafting committee rejected the RULLCA Section 502(c)
4 notion that the accounting runs only from the date of dissolution. Therefore, Section 503(c)
5 continues the RUPA concept of dating the accounting from the latest accounting.
6

7 **SECTION 504. ~~PARTNER'S TRANSFERABLE INTEREST SUBJECT TO~~**
8 **CHARGING ORDER.**

9 (a) ~~On application by a judgment creditor of a partner or of a partner's transferee, a court~~
10 ~~having jurisdiction may charge the transferable interest of the judgment debtor to satisfy the~~
11 ~~judgment. The court may appoint a receiver of the share of the distributions due or to become~~
12 ~~due to the judgment debtor in respect of the partnership and make all other orders, directions,~~
13 ~~accounts, and inquiries the judgment debtor might have made or which the circumstances of the~~
14 ~~case may require. On application by a judgment creditor of a partner or transferee, a court may~~
15 enter a charging order against the transferable interest of the judgment debtor for the unsatisfied
16 amount of the judgment. A charging order creates a lien on a judgment debtor's transferable
17 interest and requires the partnership to pay over to the person to which the charging order was
18 issued any distribution that would otherwise be paid to the judgment debtor.

19 (b) ~~A charging order constitutes a lien on the judgment debtor's transferable interest in~~
20 ~~the partnership. The court may order a foreclosure of the interest subject to the charging order at~~
21 ~~any time. The purchaser at the foreclosure sale has the rights of a transferee. To the extent~~
22 necessary to effectuate the collection of distributions pursuant to a charging order in effect under
23 subsection (a), the court may:

24 (c) ~~At any time before foreclosure, an interest charged may be redeemed:~~

25 (1) by the judgment debtor appoint a receiver of the distributions subject to the
26 charging order, with the power to make all inquiries the judgment debtor might have made; and

1 (2) ~~with property other than partnership property, by one or more of the other~~
2 ~~partners; or~~ make all other orders necessary to give effect to the charging order.

3 (3) ~~(c) with partnership property, by one or more of the other partners with the consent of~~
4 ~~all of the partners whose interests are not so charged.~~ Upon a showing that distributions under a
5 charging order will not pay the judgment debt within a reasonable time, the court may foreclose
6 the lien and order the sale of the transferable interest. The purchaser at the foreclosure sale
7 obtains only the transferable interest, does not thereby become a member, and is subject to
8 Section 503.

9 (d) ~~This [Act] does not deprive a partner of a right under exemption laws with respect to~~
10 ~~the partner's interest in the partnership.~~ At any time before foreclosure under subsection (c), the
11 partner or transferee whose transferable interest is subject to a charging order under subsection
12 (a) may extinguish the charging order by satisfying the judgment and filing a certified copy of
13 the satisfaction with the court that issued the charging order.

14 (e) ~~This section provides the exclusive remedy by which a judgment creditor of a partner~~
15 ~~or partner's transferee may satisfy a judgment out of the judgment debtor's transferable interest~~
16 ~~in the partnership.~~ At any time before foreclosure under subsection (c), a partnership or one or
17 more partners whose transferable interests are not subject to the charging order may pay to the
18 judgment creditor the full amount due under the judgment and thereby succeed to the rights of
19 the judgment creditor, including the charging order.

20 (f) This [act] does not deprive any partner or transferee of the benefit of any exemption
21 law applicable to the transferable interest of the partner or transferee.

22 (g) This section provides the exclusive remedy by which a person seeking to enforce a
23 judgment against a partner or transferee may, in the capacity of judgment creditor, satisfy the

1 judgment from the judgment debtor's transferable interest.

2 **Reporters' Note**

3
4 Section 504 is substantially restated to conform to RULLCA Section 503.
5

6 **SECTION 505. POWER OF PERSONAL REPRESENTATIVE OF DECEASED**

7 **PARTNER.** If a partner dies, the deceased partner's personal representative or other legal
8 representative may exercise:

9 (1) the rights of a transferee as provided in Section 503; and

10 (2) for purposes of settling the estate, the rights the deceased partner had as a partner.

11 **Reporters' Note**

12
13 Section 505 is new and conforms to RULLCA Section 504.
14

1 [ARTICLE] 6

2 PARTNER'S DISSOCIATION

3
4 SECTION 601. EVENTS CAUSING PARTNER'S DISSOCIATION. A partner
5 person is dissociated as a partner from a partnership ~~upon the occurrence of any of the following~~
6 ~~events when:~~

7 (1) the ~~partnership's having~~ partnership has notice of the ~~partner's~~ person's express will
8 to withdraw as a partner ~~[upon the date of notice] or on a later date specified by the partner but,~~
9 if the person specified a withdrawal date later than the date the partnership had notice, on that
10 later date;

11 (2) an event ~~agreed to stated~~ in the partnership agreement as causing the ~~partner's~~
12 person's dissociation as a partner occurs;

13 (3) the ~~partner's expulsion~~ person is expelled as a partner pursuant to the partnership
14 agreement;

15 (4) the ~~partner's expulsion~~ person is expelled as a partner by the unanimous vote of the
16 other partners if:

17 (i) (A) it is unlawful to carry on the ~~partnership~~ partnership's business with ~~that~~
18 the person as a partner;

19 (ii) (B) there has been a transfer of all ~~or substantially all of that~~ the partner's
20 transferable interest in the partnership, other than:

21 (i) a transfer for security purposes; or

22 (ii) a court order charging the partner's interest charging order in effect
23 under Section 504 which has not been foreclosed;

(iii) ~~within 90 days after the partnership notifies a corporate partner that it will be expelled because it has filed a certificate of dissolution or the equivalent, its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, there is no revocation of the certificate of dissolution or no reinstatement of its charter or its right to conduct business; or~~ the person is a corporation and, within 90 days after the partnership notifies the person that it will be expelled as a member because the person has filed a certificate of dissolution or the equivalent, its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, the certificate of dissolution has not been revoked or its charter or right to conduct business has not been reinstated; or

(iv) the person is a limited liability company or a partnership that is a
~~partner~~ has been dissolved and its ~~whose~~ business is being wound up;

(5) ~~on application by the partnership or another partner, the partner's expulsion;~~ the
person is expelled as a partner by judicial determination order because the person:

(i) (A) ~~the partner has~~ engaged or is engaging in wrongful conduct that has
adversely and materially affected, or will affect, the partnership business;

(ii) (B) ~~the partner has~~ willfully or persistently committed, or is willfully and
persistently committing, a material breach of the partnership agreement or ~~of a duty~~ the person's
duties or obligations owed to the partnership or the other partners under Section ~~404~~ 408; or

(iii) (C) ~~the partner has~~ engaged, or is engaging, in conduct relating to the
~~partnership~~ partnership's business which makes it not reasonably practicable to carry on the
partnership with the partner business with the person as a partner;

(6) the partner's:

1 (⊕) (A) becoming a debtor in bankruptcy;
2 (⊕) (B) executing an assignment for the benefit of creditors;
3 (⊕) (C) seeking, consenting to, or acquiescing in the appointment of a trustee,
4 receiver, or liquidator of that partner or of all or substantially all of that partner's property; or
5 (⊕) (D) failing, within 90 days after the appointment, to have vacated or stayed
6 the appointment of a trustee, receiver, or liquidator of the partner or of all or substantially all of
7 the partner's property obtained without the partner's consent or acquiescence, or failing within
8 90 days after the expiration of a stay to have the appointment vacated;

9 (7) in the case of a partner who is an individual:

10 (⊕) (A) the partner's death;
11 (⊕) (B) ~~the appointment of~~ a guardian or general conservator for the partner is
12 appointed; or
13 (⊕) (C) there is a judicial determination that the partner has otherwise become
14 incapable of performing the partner's duties under this [act] or the partnership agreement;

15 (8) in the case of a partner that is a trust or is acting as a partner by virtue of being a
16 trustee of a trust, the trust's distribution of the trust's entire transferable interest is distributed; in
17 the partnership; but not merely by reason of the substitution of a successor trustee;

18 (9) in the case of a partner that is an estate or is acting as a partner by virtue of being a
19 personal representative of an estate, ~~distribution of the estate's entire transferable interest in the~~
20 partnership is distributed; but not merely by reason of the substitution of a successor personal
21 representative; or

22 (10) ~~termination in the case of~~ a partner that is not an individual, partnership, limited
23 liability company, corporation, trust, or estate, the termination of the partner;

1 (11) the partnership participates in a merger under [Article] 9, if:

2 (A) the partnership is not the surviving entity, or

3 (B) otherwise as a result of the merger, the person ceases to be a partner;

4 (12) the partnership participates in a conversion under [Article] 9; or

5 (13) the partnership participates in a domestication under [Article] 9, if, as a result of the
6 domestication, the person ceases to be a partner.

7 **Reporters' Note**

8
9 Section 601 is conformed to RULLCA Section 602. Section 601(6) is retained but is not
10 in RULLCA.
11

12 **SECTION 602. PARTNER'S POWER TO DISSOCIATE; WRONGFUL**
13 **DISSOCIATION.**

14 (a) A ~~partner~~ person has the power to dissociate as a partner at any time, rightfully or
15 wrongfully, by ~~express will pursuant to~~ withdrawing as a partner by express will under Section
16 601(1).

17 (b) A ~~partner's~~ person's dissociation as a partner from a partnership is wrongful only if
18 the dissociation:

19 (1) ~~it~~ is in breach of an express provision of the partnership agreement; or

20 (2) occurs before the expiration of a term, in the case of a partnership for a
21 definite term ~~or particular undertaking, or before the expiration of the term or completion of the~~
22 an undertaking, in the case of a partnership for a particular undertaking, and:

23 (+) (A) the ~~partner~~ person withdraws as a partner by express will, unless
24 the withdrawal follows within 90 days after another partner's dissociation by death or otherwise
25 under Section 601(6) through (10) or wrongful dissociation under this subsection;

(ii) ~~(B)~~ the ~~partner~~ person is expelled as a partner by judicial determination under Section 601(5);

(iii) ~~(C)~~ the ~~partner~~ person is dissociated as a partner by becoming a debtor in bankruptcy; or

(iv) ~~(D)~~ in the case of a ~~partner who~~ person that is not ~~an individual~~, a trust other than a business trust, ~~or an estate, or an individual~~, the ~~partner~~ person is expelled as a partner or otherwise dissociated because it willfully dissolved or terminated.

(c) A partner ~~who~~ that wrongfully dissociates as a partner is liable to the partnership and to the other partners for damages caused by the dissociation. The liability is in addition to any other debt, obligation, or other liability of the partner to the partnership or ~~to~~ the other partners.

Reporters' Note

Section 602 is conformed to RULLCA Section 601. Unlike RULLCA Section 110(c) which permits the operating agreement to negate the power to dissociate, the power cannot be eliminated under RUPA Section 103(b)(6).

SECTION 603. EFFECT OF PARTNER'S DISSOCIATION.

(a) If a ~~partner's~~ person's dissociation as a partner results in a dissolution and winding up of the partnership business, [Article] 8 applies; otherwise, [Article] 7 applies.

(b) ~~Upon a partner's dissociation~~ When a person is dissociated as a partner of a partnership:

(1) the ~~partner's~~ person's right to participate in the management and conduct of the partnership business as a partner terminates, except as otherwise provided in Section 803;

(2) ~~the partner's duty of loyalty under Section 404(b)(3) terminates~~ the person's duties as a partner under Section 408 terminate; and

(3) ~~the partner's duty of loyalty under Section 404(b)(1) and (2) and duty of care~~

1 ~~under Section 404(c) continue only with regard to matters arising and events occurring before the~~
2 ~~partner's dissociation, unless the partner participates in winding up the partnership's business~~
3 ~~pursuant to Section 803~~ subject to Section 505 and [Article] 9, any transferable interest owned by
4 the person immediately before dissociation in the person's capacity as a partner is owned by the
5 person solely as a transferee.

6 (c) A person's dissociation as a partner of a partnership does not of itself discharge the
7 person from any debt, obligation, or other liability to the partnership or the other partners which
8 the person incurred while a partner.

9 **Reporters' Note**

10
11 Section 603 conforms to RULLCA Section 603. Like RULLCA Section 603(b), Section
12 603(c) confirms that dissociation, without more, does not obligations incurred while a partner.
13 This point is affirmed in Section 703(a).
14

1 [ARTICLE] 7

2 PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP

3
4 SECTION 701. PURCHASE OF DISSOCIATED PARTNER'S INTEREST.

5 (a) If a ~~partner~~ person is dissociated from a partnership without resulting in a dissolution
6 and winding up of the partnership business under Section 801, the partnership shall cause the
7 dissociated ~~partner's~~ person's interest in the partnership to be purchased for a buyout price
8 determined pursuant to subsection (b).

9 (b) The buyout price of a dissociated ~~partner's~~ person's interest is the amount that would
10 have been distributable to the dissociating ~~partner~~ person under Section 807(b) if, on the date of
11 dissociation, the assets of the partnership were sold at a price equal to the greater of the
12 liquidation value or the value based on a sale of the entire business as a going concern without
13 the dissociated ~~partner~~ person and the partnership were wound up as of that date. Interest must be
14 paid from the date of dissociation to the date of payment.

15 (c) Damages for wrongful dissociation under Section 602(b), and all other amounts
16 owing, whether or not presently due, from the dissociated ~~partner~~ person to the partnership, must
17 be offset against the buyout price. Interest must be paid from the date the amount owed becomes
18 due to the date of payment.

19 (d) A partnership shall indemnify a dissociated ~~partner~~ person whose interest is being
20 purchased against all partnership liabilities, whether incurred before or after the dissociation,
21 except liabilities incurred by an act of the dissociated partner under Section 702.

22 (e) If no agreement for the purchase of a dissociated ~~partner's~~ person's interest is reached
23 within 120 days after a written demand for payment, the partnership shall pay, or cause to be
24 paid, in cash to the dissociated ~~partner~~ person the amount the partnership estimates to be the

1 buyout price and accrued interest, reduced by any offsets and accrued interest under subsection
2 (c).

3 (f) If a deferred payment is authorized under subsection (h), the partnership may tender a
4 written offer to pay the amount it estimates to be the buyout price and accrued interest, reduced
5 by any offsets under subsection (c), stating the time of payment, the amount and type of security
6 for payment, and the other terms and conditions of the obligation.

7 (g) The payment or tender required by subsection (e) or (f) must be accompanied by the
8 following:

9 (1) a statement of partnership assets and liabilities as of the date of dissociation;

10 (2) the latest available partnership balance sheet and income statement, if any;

11 (3) an explanation of how the estimated amount of the payment was calculated;

12 and

13 (4) written notice that the payment is in full satisfaction of the obligation to
14 purchase unless, within 120 days after the written notice, the dissociated ~~partner~~ person
15 commences an action to determine the buyout price, any offsets under subsection (c), or other
16 terms of the obligation to purchase.

17 (h) A ~~partner~~ person who wrongfully dissociates before the expiration of a definite term
18 or the completion of a particular undertaking is not entitled to payment of any portion of the
19 buyout price until the expiration of the term or completion of the undertaking, unless the ~~partner~~
20 person establishes to the satisfaction of the court that earlier payment will not cause undue
21 hardship to the business of the partnership. A deferred payment must be adequately secured and
22 bear interest.

23 (i) A dissociated ~~partner~~ person may maintain an action against the partnership, pursuant

1 to Section ~~405(b)(2)(ii)~~ 408(b)(2)(ii), to determine the buyout price of that ~~partner's~~ person's
2 interest, any offsets under subsection (c), or other terms of the obligation to purchase. The action
3 must be commenced within 120 days after the partnership has tendered payment or an offer to
4 pay or within one year after written demand for payment if no payment or offer to pay is
5 tendered. The court shall determine the buyout price of the dissociated ~~partner's~~ person's interest,
6 any offset due under subsection (c), and accrued interest, and enter judgment for any additional
7 payment or refund. If deferred payment is authorized under subsection (h), the court shall also
8 determine the security for payment and other terms of the obligation to purchase. The court may
9 assess reasonable attorney's fees and the fees and expenses of appraisers or other experts for a
10 party to the action, in amounts the court finds equitable, against a party that the court finds acted
11 arbitrarily, vexatiously, or not in good faith. The finding may be based on the partnership's
12 failure to tender payment or an offer to pay or to comply with subsection (g).

13 **SECTION 702. DISSOCIATED PARTNER'S POWER TO BIND AND LIABILITY**
14 **TO PARTNERSHIP.**

15 (a) For two years after a ~~partner~~ person dissociates without resulting in a dissolution and
16 winding up of the partnership business, the partnership, including a surviving partnership under
17 [Article] 9, is bound by an act of the dissociated ~~partner~~ person which would have bound the
18 partnership under Section 301 before dissociation only if at the time of entering into the
19 transaction the other party:

- 20 (1) reasonably believed that the dissociated ~~partner~~ person was then a partner;
21 (2) did not have notice of the ~~partner's~~ person's dissociation; and
22 (3) is not deemed to have had knowledge under Section 303(e) or notice under
23 Section 704(c).

(b) A dissociated ~~partner~~ person is liable to the partnership for any damage caused to the partnership arising from an obligation incurred by the dissociated partner after dissociation for which the partnership is liable under subsection (a).

SECTION 703. DISSOCIATED PARTNER'S LIABILITY TO OTHER PERSONS.

(a) A ~~partner's~~ person's dissociation does not of itself discharge the ~~partner's~~ person's liability for a partnership obligation incurred before dissociation. A dissociated ~~partner~~ person is not liable for a partnership obligation incurred after dissociation, except as otherwise provided in subsection (b).

(b) A ~~partner~~ person who dissociates without resulting in a dissolution and winding up of the partnership business is liable as a ~~partner~~ person to the other party in a transaction entered into by the partnership, or a surviving partnership under [Article] 9, within two years after the ~~partner's~~ person's dissociation, only if the ~~partner~~ person is liable for the obligation under Section 306 and at the time of entering into the transaction the other party:

(1) reasonably believed that the dissociated ~~partner~~ person was then a partner;

(2) did not have notice of the ~~partner's~~ person's dissociation; and

(3) is not deemed to have had knowledge under Section 303(e) or notice under Section 704(c).

(c) By agreement with the partnership creditor and the partners continuing the business, a dissociated ~~partner~~ person may be released from liability for a partnership obligation.

(d) A dissociated ~~partner~~ person is released from liability for a partnership obligation if a partnership creditor, with notice of the ~~partner's~~ person's dissociation but without the ~~partner's~~ person's consent, agrees to a material alteration in the nature or time of payment of a partnership obligation.

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(a) A dissociated ~~partner~~ partner person or the partnership may file a statement of dissociation the name of the partnership and that the ~~partner~~ partner person is dissociated from the ship.

(b) A statement of dissociation is a limitation on the authority of a dissociated partner for the purposes of Section 303(d) and (e).

(c) For the purposes of Sections 702(a)(3) and 703(b)(3), a person not a ~~partner~~ person is deemed to have notice of the dissociation 90 days after the statement of dissociation is filed.

SECTION 705. CONTINUED USE OF PARTNERSHIP NAME. Continued use of a partnership name, or a dissociated ~~partner's~~ person's name as part thereof, by partners continuing the business does not of itself make the dissociated ~~partner~~ person liable for an obligation of the partnership or the partnership continuing the business.

1 [ARTICLE] 8

2 DISSOLUTION AND WINDING UP

3
4 **SECTION 801. EVENTS CAUSING DISSOLUTION AND WINDING UP OF**

5 **~~PARTNERSHIP BUSINESS.~~** A partnership is dissolved, and its business must be wound up,
6 ~~only~~ upon the occurrence of any of the following events:

7 (1) in a partnership at will, ~~the partnership's having notice from a partner, other than a~~
8 ~~partner who is dissociated under Section 601(2) through (10), of that partner's express will to~~
9 ~~withdraw as a partner, or on a later date specified by the partner~~ the partnership has notice of a
10 person's express will to withdraw as a partner, other than a person who has dissociated under
11 Section 601(2) through (10), but, if the person specified a withdrawal date later than the date the
12 partnership had notice, on the later date;

13 (2) in a partnership for a definite term or particular undertaking:

14 (i) (A) within 90 days after a ~~partner's~~ person's dissociation as a partner by death
15 or otherwise under Section 601(6) through (10) or wrongful dissociation under Section 602(b),
16 the ~~express will~~ consent of at least half of the remaining partners to wind up the partnership
17 business, for which purpose a partner's rightful dissociation pursuant to Section 602(b)(2)(i)
18 constitutes the expression of that partner's will to wind up the partnership business;

19 (ii) (B) the ~~express will~~ consent of all of the partners ~~to wind up the partnership~~
20 ~~business;~~ or

21 (iii) (C) the expiration of the term or the completion of the undertaking;

22 (3) an event ~~agreed to in~~ or circumstance that the partnership agreement ~~resulting in the~~
23 ~~winding up of the partnership business~~ states causes the dissolution;

24 (4) an event that makes it unlawful for all or substantially all of the business of the

partnership to be continued, but a cure of illegality within 90 days after notice to the partnership of the event is effective retroactively to the date of the event for purposes of this section;

(5) on application by a partner, a judicial determination that:

(i) (A) the economic purpose of the partnership is likely to be unreasonably frustrated;

(ii) (B) another partner has engaged in conduct relating to the partnership business which makes it not reasonably practicable to carry on the business in partnership with that partner; or

(iii) (C) it is not otherwise reasonably practicable to carry on the partnership business in conformity with the partnership agreement; or

(6) on application by a transferee of a ~~partner's~~ person's transferable interest, a judicial determination that it is equitable to wind up the partnership business:

(i) (A) after the expiration of the term or completion of the undertaking, if the partnership was for a definite term or particular undertaking at the time of the transfer or entry of the charging order that gave rise to the transfer; or

(ii) (B) at any time, if the partnership was a partnership at will at the time of the transfer or entry of the charging order that gave rise to the transfer.

Reporters' Note

Section 801 conformed to RULLCA Article 7, when possible. Under RULLCA, dissociation of a member no longer threatens entity dissolution but the concept remains relevant to RUPA because of the RUPA Article 7 purchase on dissociation without dissolution. Unlike RULLCA, Section 801(5) does not state oppression as cause for judicial dissolution.

1 **SECTION 802. ~~PARTNERSHIP CONTINUES AFTER DISSOLUTION~~ WINDING**
2 **UP.**

3 (a) Subject to subsection (b), a partnership continues after dissolution only for the
4 purpose of winding up its business. The partnership is terminated when the winding up of its
5 business is completed.

6 (b) At any time after the dissolution of a partnership and before the winding up of its
7 business is completed, all of the partners, including any dissociating ~~partner~~ person other than a
8 wrongfully dissociating ~~partner~~ person, may waive the right to have the partnership's business
9 wound up and the partnership terminated. In that event:

10 (1) the partnership resumes carrying on its business as if dissolution had never
11 occurred, and any liability incurred by the partnership or a ~~partner~~ person after the dissolution
12 and before the waiver is determined as if dissolution had never occurred; and

13 (2) the rights of a third party accruing under Section 804(1) or arising out of
14 conduct in reliance on the dissolution before the third party knew or received a notification of the
15 waiver may not be adversely affected.

16 **SECTION 803. RIGHT TO WIND UP PARTNERSHIP BUSINESS.**

17 (a) After dissolution, a ~~partner~~ person who has not wrongfully dissociated may participate
18 in winding up the partnership's business, but on application of any partner, partner's legal
19 representative, or transferee, the [designate the appropriate court], for good cause shown, may
20 order judicial supervision of the winding up.

21 (b) The legal representative of the last surviving partner may wind up a partnership's
22 business.

23 (c) A person winding up a partnership's business may preserve the partnership business or

1 property as a going concern for a reasonable time, prosecute and defend actions and proceedings,
2 whether civil, criminal, or administrative, settle and close the partnership's business, dispose of
3 and transfer the partnership's property, discharge the partnership's liabilities, distribute the assets
4 of the partnership pursuant to Section 807, settle disputes by mediation or arbitration, and
5 perform other necessary acts.

6 **SECTION 804. PARTNER'S POWER TO BIND PARTNERSHIP AFTER**

7 **DISSOLUTION.** Subject to Section 805, a partnership is bound by a ~~partner's~~ person's act after
8 dissolution that:

- 9 (1) is appropriate for winding up the partnership business; or
10 (2) would have bound the partnership under Section 301 before dissolution, if the other
11 party to the transaction did not have notice of the dissolution.

12 **SECTION 805. STATEMENT OF DISSOLUTION.**

13 (a) After dissolution, a ~~partner~~ person who has not wrongfully dissociated as a partner
14 may ~~file~~ deliver to the [Secretary of State] for filing a statement of dissolution stating the name
15 of the partnership and that the partnership has dissolved and is winding up its business.

16 (b) A statement of dissolution cancels a filed statement of partnership authority for the
17 purposes of Section 303(d) and is a limitation on authority for the purposes of Section 303(e).

18 (c) For the purposes of Sections 301 and 804, a person not a partner is deemed to have
19 notice of the dissolution and the limitation on the partners' authority as a result of the statement
20 of dissolution 90 days after it is filed.

21 (d) After the filing and, if appropriate, recording a statement of dissolution, a dissolved
22 partnership may ~~file~~ deliver to the [Secretary of State] for filing and, if appropriate, record a
23 statement of partnership authority which will operate with respect to a person not a partner as

provided in Section 303(d) and (e) in any transaction, whether or not the transaction is appropriate for winding up the partnership business.

SECTION 806. PARTNER'S LIABILITY TO OTHER PARTNERS AFTER DISSOLUTION.

(a) Except as otherwise provided in subsection (b) and Section 306, after dissolution a ~~partner~~ person is liable to the other partners for the ~~partner's~~ person's share of any partnership liability incurred under Section 804.

(b) A ~~partner~~ person who, with knowledge of the dissolution, incurs a partnership liability under Section 804(2) by an act that is not appropriate for winding up the partnership business is liable to the partnership for any damage caused to the partnership arising from the liability.

Reporters' Note

Section 806 remains but a partner's share of partnership liabilities may be altered by the limitation on known and unknown claims conforming to RULLCA Sections 703-704.

SECTION 807. SETTLEMENT ~~OF ACCOUNTS~~ AND CONTRIBUTIONS AMONG PARTNERS.

(a) ~~In winding up a partnership's business, the assets of the partnership, including the contributions of the partners required by this section, must be applied to discharge its obligations to creditors, including, to the extent permitted by law, partners who are creditors. Any surplus must be applied to pay in cash the net amount distributable to partners in accordance with their right to distributions under subsection (b).~~ In winding up its business, a partnership shall discharge the partnership's debts, obligations, or other liabilities, settle and close the partnership's business, and marshal and distribute the assets of the partnership.

(b) ~~Each partner is entitled to a settlement of all partnership accounts upon winding up~~

1 ~~the partnership business. In settling accounts among the partners, profits and losses that result~~
2 ~~from the liquidation of the partnership assets must be credited and charged to the partners'~~
3 ~~accounts. The partnership shall make a distribution to a partner in an amount equal to any excess~~
4 ~~of the credits over the charges in the partner's account. A partner shall contribute to the~~
5 ~~partnership an amount equal to any excess of the charges over the credits in the partner's account~~
6 ~~but excluding from the calculation charges attributable to an obligation for which the partner is~~
7 ~~not personally liable under Section 306. If partnership assets are not adequate to satisfy~~
8 ~~partnership debts, obligations or other liabilities, each person shall contribute to the partnership~~
9 ~~an equal share of the excess excluding from the calculation charges attributable to an obligation~~
10 ~~for which the person is not personally liable under Section 306.~~

11 (c) If a ~~partner~~ person fails to contribute the full amount required under subsection (b), all
12 of the other partners shall contribute, in the proportions in which those partners share partnership
13 losses, the additional amount necessary to satisfy the partnership obligations for which they are
14 personally liable under Section 306. A ~~partner~~ person or ~~partner's~~ person's legal representative
15 may recover from the other partners any contributions the ~~partner~~ person makes to the extent the
16 amount contributed exceeds that ~~partner's~~ person's share of the partnership obligations for which
17 the ~~partner~~ person is personally liable under Section 306.

18 ~~(d) After the settlement of accounts, each partner shall contribute, in the proportion in~~
19 ~~which the partner shares partnership losses, the amount necessary to satisfy partnership~~
20 ~~obligations that were not known at the time of the settlement and for which the partner is~~
21 ~~personally liable under Section 306.~~

22 (e) ~~(d)~~ The estate of a deceased ~~partner~~ person is liable for the ~~partner's~~ person's
23 obligation to contribute to the partnership.

(f) (e) An assignee for the benefit of creditors of a partnership or a ~~partner~~ person, or a person appointed by a court to represent creditors of a partnership or a ~~partner~~ person, may enforce a ~~partner's~~ person's obligation to contribute to the partnership.

Reporters' Note

Consistent with amendments to Section 401, Section 807 eliminates the concept of an account that must be maintained for each partner.

SECTION 808. KNOWN CLAIMS AGAINST A DISSOLVED PARTNERSHIP.

(a) Except as otherwise provided in subsection (d), a dissolved partnership may give notice of a known claim under subsection (b), which has the effect as provided in subsection (c).

(b) A dissolved partnership may notify in a record its known claimants of the dissolution.

The notice must:

(1) specify the information required to be included in a claim;

(2) provide a mailing address to which the claim is to be sent;

(3) state the deadline for receipt of the claim, which may not be less than 120 days after the date the notice is received by the claimant; and

(4) state that the claim will be barred if not received by the deadline.

(c) A claim against a dissolved partnership is barred if the requirements of subsection (b) are met and:

(1) the claim is not received by the specified deadline; or

(2) if the claim is timely received but rejected by the partnership:

(A) the partnership causes the claimant to receive a notice in a record stating that the claim is rejected and will be barred unless the claimant commences an action against the partnership to enforce the claim within 90 days after the claimant receives the notice;

1 and

2 (B) the claimant does not commence the required action within the 90
3 days.

4 (d) This section does not apply to a claim based on an event occurring after the effective
5 date of dissolution or a liability that on that date is contingent.

6 **Reporters' Note**

7
8 Section 808 is new and conforms to RULLCA Section 703.
9

10 **SECTION 809. OTHER CLAIMS AGAINST DISSOLVED PARTNERSHIP.**

11 (a) A dissolved partnership may publish notice of its dissolution and request persons
12 having claims against the partnership to present them in accordance with the notice.

13 (b) The notice authorized by subsection (a) must:

14 (1) be published at least once in a newspaper of general circulation in the [county]
15 in this state in which the dissolved partnership's principal office is located or, if it has none in
16 this state, in the [county] in this state in which the office of the partnership's registered agent is
17 or was last located;

18 (2) describe the information required to be contained in a claim and provide a
19 mailing address to which the claim is to be sent; and

20 (3) state that a claim against the partnership is barred unless an action to enforce
21 the claim is commenced not later than three years after publication of the notice.

22 (c) If a dissolved partnership publishes a notice in accordance with subsection (b), unless
23 the claimant commences an action to enforce the claim against the partnership within three years
24 after the publication date of the notice, the claim of each of the following claimants is barred:

25 (1) a claimant that did not receive notice in a record under Section 808;

(2) a claimant whose claim was timely sent to the partnership but not acted on;

and

(3) a claimant whose claim is contingent at, or based on an event occurring after,

the effective date of dissolution.

(d) A claim not barred under this section or Section 808 may be enforced:

(1) against a dissolved partnership, to the extent of its undistributed assets; and

(2) except as provided in Section 810(d), if assets of the partnership have been

distributed after dissolution, against a partner or transferee to the extent of that person's

proportionate share of the claim or of the assets distributed to the partner or transferee after

dissolution, whichever is less, but a person's total liability for all claims under this paragraph

does not exceed the total amount of assets distributed to the person after dissolution.

Reporters' Note

Section 809 is new and conforms to RULLCA Section 704. Section 809(b)(3) conforms to MBCA Section 14.07(c).

SECTION 810. COURT PROCEEDINGS.

(a) A dissolved partnership that has published a notice under Section 809 may file an application with the [appropriate court] in the [county] where the dissolved partnership's principal office or, if none in this state, the office of its registered agent, is located for a determination of the amount and form of security to be provided for payment of claims that are contingent or have not been made known to the dissolved partnership or that are based on an event occurring after the effective date of dissolution but which, based on the facts known to the dissolved partnership, are reasonably estimated to arise after the effective date of dissolution.

Provision need not be made for any claim that is or is reasonably anticipated to be barred under

1 Section 809(c).

2 (b) Within 10 days after the filing of the application, notice of the proceeding must be
3 given by the dissolved partnership to each claimant holding a contingent claim whose contingent
4 claim is shown on the records of the dissolved partnership.

5 (c) The court may appoint a guardian ad litem to represent all claimants whose identities
6 are unknown in any proceeding brought under this section. The reasonable fees and expenses of
7 such guardian, including all reasonable expert witness fees, must be paid by the dissolved
8 partnership.

9 (d) Provision by the dissolved partnership for security in the amount and the form ordered
10 by the court under subsection (a) satisfies the dissolved partnership's obligations with respect to
11 claims that are contingent, have not been made known to the dissolved partnership, or are based
12 on an event occurring after the effective date of dissolution, and the claims may not be enforced
13 against a partner or transferee who receives assets in liquidation.

14 **Reporters' Note**

15
16 Section 810 is new and conforms to RULLCA Section 705 and MBCA Section 14.08.
17

1 [ARTICLE] 9

2 ~~CONVERSIONS AND MERGERS~~ MERGER, CONVERSION, AND DOMESTICATION

3
4 **SECTION 901. DEFINITIONS.** In this [article]:

5 (1) ~~“General partner” means a partner in a partnership and a general partner in a limited-~~
6 ~~partnership.~~

7 (2) ~~“Limited partner” means a limited partner in a limited partnership.~~

8 (3) ~~“Limited partnership” means a limited partnership created under the [State Limited~~
9 ~~Partnership Act], predecessor law, or comparable law of another jurisdiction.~~

10 (4) ~~“Partner” includes both a general partner and a limited partner.~~

11 (1) “Constituent partnership” means a constituent organization that is a partnership.

12 (2) “Constituent organization” means an organization that is party to a merger.

13 (3) “Converted organization” means the organization into which a converting
14 organization converts pursuant to Sections 906 through 909.

15 (4) “Converting partnership” means a converting organization that is a partnership.

16 (5) “Converting organization” means an organization that converts into another
17 organization pursuant to Section 906.

18 (6) “Domesticated partnership” means the limited liability partnership that exists after a
19 domesticating foreign partnership or limited liability partnership effects a domestication pursuant
20 to Sections 910 through 913.

21 (7) “Domesticating partnership” means the limited liability partnership that effects
22 domestication pursuant to Sections 910 through 913.

23 (8) “Foreign partnership” means a partnership that has its principal office in a jurisdiction

1 other than this state or that has specified in its partnership agreement that relations among the
2 partners and between the partners and the partnership will be governed by the law of a
3 jurisdiction other than this state.

4 (9) “Governing statute” means the statute that governs an organization’s internal affairs.

5 (10) “Organization” means a general partnership, including a limited liability partnership,
6 limited partnership, including a limited liability limited partnership, limited liability company,
7 business trust, corporation, or any other person having a governing statute. The term includes a
8 domestic or foreign organization regardless of whether organized for profit.

9 (11) “Organizational documents” means:

10 (A) for a domestic or foreign general partnership, its partnership agreement;

11 (B) for a limited partnership or foreign limited partnership, its certificate of
12 limited partnership and partnership agreement;

13 (C) for a domestic or foreign limited liability company, its certificate or articles of
14 organization and operating agreement, or comparable records as provided in its governing
15 statute;

16 (D) for a business trust, its agreement of trust and declaration of trust;

17 (E) for a domestic or foreign corporation for profit, its articles of incorporation,
18 bylaws, and other agreements among its shareholders which are authorized by its governing
19 statute, or comparable records as provided in its governing statute; and

20 (F) for any other organization, the basic records that create the organization and
21 determine its internal governance and the relations among the persons that own it, have an
22 interest in it, or are members of it.

23 (12) “Personal liability” means liability for a debt, obligation, or other liability of an

organization that is imposed on a person that co-owns, has an interest in, or is a member of the organization:

(A) by the governing statute solely by reason of the person co-owning, having an interest in, or being a member of the organization; or

(B) by the organization's organizational documents under a provision of the governing statute authorizing those documents to make one or more specified persons liable for all or specified debts, obligations, or other liabilities of the organization solely by reason of the person or persons co-owning, having an interest in, or being a member of the organization.

(13) "Surviving organization" means an organization into which one or more other organizations are merged whether the organization preexisted the merger or was created by the merger.

SECTION 902. ~~CONVERSION OF PARTNERSHIP TO LIMITED-~~
PARTNERSHIP MERGER.

~~(a) A partnership may be converted to a limited partnership pursuant to this section.~~

~~(b) The terms and conditions of a conversion of a partnership to a limited partnership must be approved by all of the partners or by a number or percentage specified for conversion in the partnership agreement.~~

~~(c) After the conversion is approved by the partners, the partnership shall file a certificate of limited partnership in the jurisdiction in which the limited partnership is to be formed. The certificate must include:~~

~~(1) a statement that the partnership was converted to a limited partnership from a partnership;~~

~~(2) its former name; and~~

1 ~~(3) a statement of the number of votes cast by the partners for and against the~~
2 ~~conversion and, if the vote is less than unanimous, the number or percentage required to approve~~
3 ~~the conversion under the partnership agreement.~~

4 ~~(d) The conversion takes effect when the certificate of limited partnership is filed or at~~
5 ~~any later date specified in the certificate.~~

6 ~~(e) A general partner who becomes a limited partner as a result of the conversion remains~~
7 ~~liable as a general partner for an obligation incurred by the partnership before the conversion~~
8 ~~takes effect. If the other party to a transaction with the limited partnership reasonably believes~~
9 ~~when entering the transaction that the limited partner is a general partner, the limited partner is~~
10 ~~liable for an obligation incurred by the limited partnership within 90 days after the conversion~~
11 ~~takes effect. The limited partner's liability for all other obligations of the limited partnership~~
12 ~~incurred after the conversion takes effect is that of a limited partner as provided in the [State~~
13 ~~Limited Partnership Act].~~

14 (a) A partnership may merge with one or more other constituent organizations pursuant to
15 this section, Sections 903 through 905, and a plan of merger, if:

16 (1) the governing statute of each of the other organizations authorizes the merger;

17 (2) the merger is not prohibited by the law of a jurisdiction that enacted any of the
18 governing statutes; and

19 (3) each of the other organizations complies with its governing statute in effecting
20 the merger.

21 (b) Unless each constituent organization and the surviving organization are partnerships
22 other than limited liability partnerships, a plan of merger must be in a record and must include:

23 (1) the name and form of each constituent organization;

1 (2) the name and form of the surviving organization and, if the surviving
2 organization is to be created by the merger, a statement to that effect;

3 (3) the terms and conditions of the merger, including the manner and basis for
4 converting the interests in each constituent organization into any combination of money, interests
5 in the surviving organization, and other consideration;

6 (4) if the surviving organization is to be created by the merger, the surviving
7 organization's organizational documents that are proposed to be in a record; and

8 (5) if the surviving organization is not to be created by the merger, any
9 amendments to be made by the merger to the surviving organization's organizational documents
10 that are, or are proposed to be, in a record.

11 **SECTION 903. ~~CONVERSION OF LIMITED PARTNERSHIP TO~~**
12 **PARTNERSHIP ACTION ON PLAN OF MERGER BY CONSTITUENT**
13 **PARTNERSHIP.**

14 ~~(a) A limited partnership may be converted to a partnership pursuant to this section.~~

15 ~~(b) Notwithstanding a provision to the contrary in a limited partnership agreement, the~~
16 ~~terms and conditions of a conversion of a limited partnership to a partnership must be approved~~
17 ~~by all of the partners.~~

18 ~~(c) After the conversion is approved by the partners, the limited partnership shall cancel~~
19 ~~its certificate of limited partnership.~~

20 ~~(d) The conversion takes effect when the certificate of limited partnership is canceled.~~

21 ~~(e) A limited partner who becomes a general partner as a result of the conversion remains~~
22 ~~liable only as a limited partner for an obligation incurred by the limited partnership before the~~
23 ~~conversion takes effect. Except as otherwise provided in Section 306, the partner is liable as a~~

~~general partner for an obligation of the partnership incurred after the conversion takes effect.~~

(a) Subject to Section 914, a plan of merger must be consented to by all the partners of a constituent partnership.

(b) Subject to Section 914 and any contractual rights, after a merger is approved, and at any time before articles of merger are delivered to the [Secretary of State] for filing under Section 904, a constituent partnership may amend the plan or abandon the merger:

(1) as provided in the plan; or

(2) except as otherwise prohibited in the plan, with the same consent as was required to approve the plan.

**SECTION 904. EFFECT OF CONVERSION; ENTITY UNCHANGED FILINGS
REQUIRED AND PERMITTED FOR MERGER; EFFECTIVE DATE.**

~~(a) partnership or limited partnership that has been converted pursuant to this [article] is for all purposes the same entity that existed before the conversion.~~

~~(b) When a conversion takes effect:~~

~~(1) all property owned by the converting partnership or limited partnership remains vested in the converted entity;~~

~~(2) all obligations of the converting partnership or limited partnership continue as obligations of the converted entity; and~~

~~(3) an action or proceeding pending against the converting partnership or limited partnership may be continued as if the conversion had not occurred.~~

(a) After each constituent organization has approved a merger, articles of merger must be signed on behalf of:

(1) each constituent partnership, as provided in Section 105, unless the merger is

between or among only general partnerships, none of which is a limited liability partnership, and the surviving organization will be a general partnership other than a limited liability partnership; and

(2) each other constituent organization, as provided in its governing statute.

(b) Articles of merger under this section must include:

(1) the name and form of each constituent organization and the jurisdiction of its governing statute;

(2) the name and form of the surviving organization, the jurisdiction of its governing statute, and, if the surviving organization is created by the merger, a statement to that effect;

(3) the date the merger is effective under the governing statute of the surviving organization;

(4) if the surviving organization is to be created by the merger:

(A) if it will be a limited liability partnership, the limited liability partnership's statement of qualification; or

(B) if it will be an organization other than a limited liability partnership, the organizational document that creates the organization that is in a public record;

(5) if the surviving organization preexists the merger, any amendments provided for in the plan of merger for the organizational document that created the organization that are in a public record;

(6) a statement as to each constituent organization that the merger was approved as required by the organization's governing statute;

(7) if the surviving organization is a foreign organization not authorized to

1 transact business in this state, the street and mailing addresses of an office that the [Secretary of
2 State] may use for the purposes of Section 905(b); and

3 (8) any additional information required by the governing statute of any constituent
4 organization.

5 (c) Each constituent partnership that is a limited liability partnership shall, and each
6 constituent partnership that is not a limited liability partnership may, may deliver the articles of
7 merger for filing in the office of the [Secretary of State].

8 (d) A merger becomes effective under this [article]:

9 (1) if the surviving organization is a partnership, upon the later of:

10 (A) compliance with subsection (c); or

11 (B) a time or event specified in the articles of merger; or

12 (2) if the surviving organization is not a partnership, as provided by the governing
13 statute of the surviving organization.

14 **SECTION 905. MERGER OF PARTNERSHIPS EFFECT OF MERGER.**

15 ~~(a) Pursuant to a plan of merger approved as provided in subsection (c), a partnership~~
16 ~~may be merged with one or more partnerships or limited partnerships.~~

17 ~~(b) The plan of merger must set forth:~~

18 ~~(1) the name of each partnership or limited partnership that is a party to the merger;~~

19 ~~(2) the name of the surviving entity into which the other partnerships or limited~~
20 ~~partnerships will merge;~~

21 ~~(3) whether the surviving entity is a partnership or a limited partnership and the~~
22 ~~status of each partner;~~

23 ~~(4) the terms and conditions of the merger;~~

1 ~~(5) the manner and basis of converting the interests of each party to the merger into~~
2 ~~interests or obligations of the surviving entity, or into money or other property in whole or part;~~
3 ~~and~~

4 ~~(6) the street address of the surviving entity's chief executive office.~~

5 ~~(c) The plan of merger must be approved:~~

6 ~~(1) in the case of a partnership that is a party to the merger, by all of the partners, or~~
7 ~~a number or percentage specified for merger in the partnership agreement; and~~

8 ~~(2) in the case of a limited partnership that is a party to the merger, by the vote~~
9 ~~required for approval of a merger by the law of the State or foreign jurisdiction in which the~~
10 ~~limited partnership is organized and, in the absence of such a specifically applicable law, by all~~
11 ~~of the partners, notwithstanding a provision to the contrary in the partnership agreement.~~

12 ~~(d) After a plan of merger is approved and before the merger takes effect, the plan may be~~
13 ~~amended or abandoned as provided in the plan.~~

14 ~~(e) The merger takes effect on the later of:~~

15 ~~(1) the approval of the plan of merger by all parties to the merger, as provided in~~
16 ~~subsection (c);~~

17 ~~(2) the filing of all documents required by law to be filed as a condition to the~~
18 ~~effectiveness of the merger; or~~

19 ~~(3) any effective date specified in the plan of merger.~~

20 (a) When a merger becomes effective:

21 (1) the surviving organization continues or comes into existence;

22 (2) each constituent organization that merges into the surviving organization
23 ceases to exist as a separate entity;

1 (3) all property owned by each constituent organization that ceases to exist vests
2 in the surviving organization;

3 (4) all debts, obligations, or other liabilities of each constituent organization that
4 ceases to exist continue as debts, obligations, or other liabilities of the surviving organization;

5 (5) an action or proceeding pending by or against any constituent organization
6 that ceases to exist may be continued as if the merger had not occurred;

7 (6) except as prohibited by other law, all of the rights, privileges, immunities,
8 powers, and purposes of each constituent organization that ceases to exist vest in the surviving
9 organization;

10 (7) except as otherwise provided in the plan of merger, the terms and conditions
11 of the plan of merger take effect; and

12 (8) except as otherwise agreed, if a constituent partnership ceases to exist, the
13 merger does not dissolve the partnership for the purposes of [Article] 8;

14 (9) if the surviving organization is created by the merger:

15 (A) if it is a partnership, the partnership is formed upon approval of and on
16 the date specified in the plan of merger;

17 (B) if it is a limited liability partnership, the partnership is formed and the
18 statement of qualification takes effect after filing of the articles of merger by the [Secretary of
19 State] and upon the filing of the statement of qualification pursuant to Section 1001 or on the
20 date provided in the statement, whichever is later; or

21 (C) if it is an organization other than a partnership, the organizational
22 document that creates the organization becomes effective; and

23 (10) if the surviving organization preexisted the merger, any amendments

1 provided for in the articles of merger for the organizational document that created the
2 organization become effective.

3 (b) A surviving organization that is a foreign organization consents to the jurisdiction of
4 the courts of this state to enforce any debt, obligation, or other liability owed by a constituent
5 organization, if before the merger the constituent organization was subject to suit in this state on
6 the debt, obligation, or other liability. A surviving organization that is a foreign organization and
7 not authorized to transact business in this state appoints the [Secretary of State] as its agent for
8 service of process for the purposes of enforcing a debt, obligation, or other liability under this
9 subsection. Service of any process, notice, or demand on the [Secretary of State] as agent for a
10 surviving organization that is a foreign organization may be made by delivering to the [Secretary
11 of State] duplicate copies of the process, notice, or demand. If a process, notice, or demand is
12 served upon the [Secretary of State], the [Secretary of State] shall forward one of the copies by
13 registered or certified mail, return receipt requested, to the organization at its registered office.
14 Service is effected under this subsection at the earliest of:

15 (1) the date the surviving organization receives the process, notice, or demand;
16 (2) the date shown on the return receipt, if signed on behalf of the organization; or
17 (3) five days after the process, notice, or demand is deposited with the United
18 States Postal Service, if correctly addressed and with sufficient postage.

19 **SECTION 906. EFFECT OF MERGER CONVERSION.**

20 ~~(a) When a merger takes effect:~~

21 ~~(1) the separate existence of every partnership or limited partnership that is a party~~
22 ~~to the merger, other than the surviving entity, ceases;~~

23 ~~(2) all property owned by each of the merged partnerships or limited partnerships~~

1 ~~vests in the surviving entity;~~

2 ~~(3) all obligations of every partnership or limited partnership that is a party to the~~
3 ~~merger become the obligations of the surviving entity; and~~

4 ~~(4) an action or proceeding pending against a partnership or limited partnership that~~
5 ~~is a party to the merger may be continued as if the merger had not occurred, or the surviving~~
6 ~~entity may be substituted as a party to the action or proceeding.~~

7 ~~(b) The [Secretary of State] of this State is the agent for service of process in an action or~~
8 ~~proceeding against a surviving foreign partnership or limited partnership to enforce an obligation~~
9 ~~of a domestic partnership or limited partnership that is a party to a merger. The surviving entity~~
10 ~~shall promptly notify the [Secretary of State] of the mailing address of its chief executive office~~
11 ~~and of any change of address. Upon receipt of process, the [Secretary of State] shall mail a copy~~
12 ~~of the process to the surviving foreign partnership or limited partnership.~~

13 ~~(c) A partner of the surviving partnership or limited partnership is liable for:~~

14 ~~(1) all obligations of a party to the merger for which the partner was personally~~
15 ~~liable before the merger;~~

16 ~~(2) all other obligations of the surviving entity incurred before the merger by a~~
17 ~~party to the merger, but those obligations may be satisfied only out of property of the entity; and~~

18 ~~(3) except as otherwise provided in Section 306, all obligations of the surviving~~
19 ~~entity incurred after the merger takes effect, but those obligations may be satisfied only out of~~
20 ~~property of the entity if the partner is a limited partner.~~

21 ~~(d) If the obligations incurred before the merger by a party to the merger are not satisfied~~
22 ~~out of the property of the surviving partnership or limited partnership, the general partners of that~~
23 ~~party immediately before the effective date of the merger shall contribute the amount necessary~~

1 to satisfy that party's obligations to the surviving entity, in the manner provided in Section 807 or
2 in the [Limited Partnership Act] of the jurisdiction in which the party was formed, as the case
3 may be, as if the merged party were dissolved.

4 (e) A partner of a party to a merger who does not become a partner of the surviving
5 partnership or limited partnership is dissociated from the entity, of which that partner was a
6 partner, as of the date the merger takes effect. The surviving entity shall cause the partner's
7 interest in the entity to be purchased under Section 701 or another statute specifically applicable
8 to that partner's interest with respect to a merger. The surviving entity is bound under Section
9 702 by an act of a general partner dissociated under this subsection, and the partner is liable
10 under Section 703 for transactions entered into by the surviving entity after the merger takes
11 effect.

12 (a) An organization other than a partnership or a foreign partnership may convert to a
13 partnership, and a partnership may convert to an organization other than a foreign partnership
14 pursuant to this section, Sections 907 through 909, and a plan of conversion, if:

15 (1) the other organization's governing statute authorizes the conversion;

16 (2) the conversion is not prohibited by the law of the jurisdiction that enacted the
17 other organization's governing statute; and

18 (3) the other organization complies with its governing statute in effecting the
19 conversion.

20 (b) A plan of conversion must be in a record and must include:

21 (1) the name and form of the organization before conversion;

22 (2) the name and form of the organization after conversion;

23 (3) the terms and conditions of the conversion, including the manner and basis for

1 converting interests in the converting organization into any combination of money, interests in
2 the converted organization, and other consideration; and
3 (4) the organizational documents of the converted organization that are, or are
4 proposed to be, in a record.

5 **SECTION 907. STATEMENT OF MERGER ACTION ON PLAN OF**
6 **CONVERSION BY CONVERTING PARTNERSHIP.**

7 ~~(a) After a merger, the surviving partnership or limited partnership may file a statement~~
8 ~~that one or more partnerships or limited partnerships have merged into the surviving entity.~~

9 ~~(b) A statement of merger must contain:~~

10 ~~(1) the name of each partnership or limited partnership that is a party to the merger;~~

11 ~~(2) the name of the surviving entity into which the other partnerships or limited~~
12 ~~partnership were merged;~~

13 ~~(3) the street address of the surviving entity's chief executive office and of an office~~
14 ~~in this State, if any; and~~

15 ~~(4) whether the surviving entity is a partnership or a limited partnership.~~

16 ~~(c) Except as otherwise provided in subsection (d), for the purposes of Section 302,~~
17 ~~property of the surviving partnership or limited partnership which before the merger was held in~~
18 ~~the name of another party to the merger is property held in the name of the surviving entity upon~~
19 ~~filing a statement of merger.~~

20 ~~(d) For the purposes of Section 302, real property of the surviving partnership or limited~~
21 ~~partnership which before the merger was held in the name of another party to the merger is~~
22 ~~property held in the name of the surviving entity upon recording a certified copy of the statement~~
23 ~~of merger in the office for recording transfers of that real property.~~

1 ~~(c) A filed and, if appropriate, recorded statement of merger, executed and declared to be~~
2 ~~accurate pursuant to Section 105(c), stating the name of a partnership or limited partnership that~~
3 ~~is a party to the merger in whose name property was held before the merger and the name of the~~
4 ~~surviving entity, but not containing all of the other information required by subsection (b),~~
5 ~~operates with respect to the partnerships or limited partnerships named to the extent provided in~~
6 ~~subsections (c) and (d).~~

7 (a) Subject to Section 914, a plan of conversion must be consented to by all the partners
8 of a converting partnership.

9 (b) Subject to Section 914 and any contractual rights, after a conversion is approved, and
10 at any time before articles of conversion are delivered to the [Secretary of State] for filing under
11 Section 908, a converting partnership may amend the plan or abandon the conversion:

12 (1) as provided in the plan; or

13 (2) except as otherwise prohibited in the plan, by the same consent as was
14 required to approve the plan.

15 **SECTION 908. FILINGS REQUIRED FOR CONVERSION; EFFECTIVE DATE.**

16 (a) After a plan of conversion is approved:

17 (1) a converting limited liability partnership shall deliver to the [Secretary of
18 State] for filing articles of conversion, which must be signed as provided in Section 105 and
19 must include;

20 (A) a statement that the limited liability partnership has been converted
21 into another organization;

22 (B) the name and form of the converted organization and the jurisdiction
23 of its governing statute;

1 (C) the date the conversion is effective under the governing statute of the
2 converted organization;

3 (D) a statement that the conversion was approved as required by this act;

4 (E) a statement that the conversion was approved as required by the
5 governing statute of the converted organization; and

6 (F) if the converted organization is a foreign organization not authorized to
7 transact business in this state, the street and mailing addresses of an office which the [Secretary
8 of State] may use for the purposes of Section 909(c); and

9 (2) if the converting organization is not a converting partnership or limited
10 liability partnership, the converting organization shall deliver to the [Secretary of State] for filing
11 a statement of conversion, which must include:

12 (A) a statement that the converted organization was converted from
13 another organization, and whether the converted organization is a partnership or a limited
14 liability partnership;

15 (B) the name and form of that converting organization and the jurisdiction
16 of its governing statute; and

17 (C) a statement that the conversion was approved in a manner that
18 complied with the converting organization's governing statute.

19 (b) A conversion becomes effective:

20 (1) if the converted organization is a partnership, as provided in the plan or
21 statement of conversion;

22 (2) if the converted organization is a limited liability partnership, after the filing
23 of the statement of conversion required by subsection (a)(2) and upon the filing of the statement

1 of qualification pursuant to Section 1001 with the [Secretary of State], or on the date provided in
2 the statement, whichever is later; or

3 (3) if the converted organization is not a partnership or limited liability
4 partnership, as provided by the governing statute of the converted organization.

5 **SECTION 909. EFFECT OF CONVERSION.**

6 (a) An organization that has been converted pursuant to this [article] is for all purposes
7 the same entity that existed before the conversion.

8 (b) When a conversion takes effect:

9 (1) all property owned by the converting organization remains vested in the
10 converted organization;

11 (2) all debts, obligations, or other liabilities of the converting organization
12 continue as debts, obligations, or other liabilities of the converted organization;

13 (3) an action or proceeding pending by or against the converting organization may
14 be continued as if the conversion had not occurred;

15 (4) except as prohibited by law other than this [act], all of the rights, privileges,
16 immunities, powers, and purposes of the converting organization remain vested in the converted
17 organization;

18 (5) except as otherwise provided in the plan of conversion, the terms and
19 conditions of the plan of conversion take effect; and

20 (6) except as otherwise agreed, the conversion does not dissolve a converting
21 partnership for the purposes of [Article] 8.

22 (c) A converted organization that is a foreign organization consents to the jurisdiction of
23 the courts of this state to enforce any debt, obligation, or other liability for which the converting

1 partnership or limited liability partnership is liable if, before the conversion, the converting
2 partnership or limited liability partnership was subject to suit in this state on the debt, obligation,
3 or other liability. A converted organization that is a foreign organization and not authorized to
4 transact business in this state appoints the [Secretary of State] as its agent for service of process
5 for purposes of enforcing a debt, obligation, or other liability under this subsection. Service on
6 the [Secretary of State] under this subsection of any process, notice, or demand as agent for a
7 converted organization that is a foreign organization may be made by delivering to the [Secretary
8 of State] duplicate copies of the process, notice, or demand. If a process, notice, or demand is
9 served upon the [Secretary of State], the [Secretary of State] shall forward one of the copies by
10 registered or certified mail, return receipt requested, to the organization at its registered office.
11 Service is effected under this subsection at the earliest of:

12 (1) the date the converted organization receives the process, notice, or demand;

13 (2) the date shown on the return receipt, if signed on behalf of the organization; or

14 (3) five days after the process, notice, or demand is deposited with the United
15 States Postal Service, if correctly addressed and with sufficient postage.

16 **SECTION 910. DOMESTICATION.**

17 (a) A foreign limited liability partnership may become a limited liability partnership
18 pursuant to this section, Sections 911 through 913, and a plan of domestication, if:

19 (1) the foreign limited liability partnership's governing statute authorizes the
20 domestication;

21 (2) the domestication is not prohibited by the law of the jurisdiction that enacted
22 the governing statute; and

23 (3) the foreign limited liability partnership complies with its governing statute in

1 effecting the domestication.

2 (b) A limited liability partnership may become a foreign limited liability partnership
3 pursuant to this section, Sections 911 through 913, and a plan of domestication, if:

4 (1) the foreign limited liability partnership's governing statute authorizes the
5 domestication;

6 (2) the domestication is not prohibited by the law of the jurisdiction that enacted
7 the governing statute; and

8 (3) the foreign limited liability partnership complies with its governing statute in
9 effecting the domestication.

10 (c) A plan of domestication must be in a record and must include:

11 (1) the name of the domesticating limited liability partnership before
12 domestication and the jurisdiction of its governing statute;

13 (2) the name of the domesticated limited liability partnership after domestication
14 and the jurisdiction of its governing statute;

15 (3) the terms and conditions of the domestication, including the manner and basis
16 for converting interests in the domesticating limited liability partnership into any combination of
17 money, interests in the domesticated limited liability partnership, and other consideration; and

18 (4) the organizational documents of the domesticated company that are, or are
19 proposed to be, in a record.

20 **SECTION 911. ACTION ON PLAN OF DOMESTICATION BY**
21 **DOMESTICATING PARTNERSHIP.**

22 (a) A plan of domestication must be consented to:

23 (1) by all the partners, subject to Section 914, if the domesticating company is a

1 limited liability partnership; and

2 (2) as provided in the domesticating company's governing statute, if the company
3 is a foreign limited liability partnership.

4 (b) Subject to any contractual rights, after a domestication is approved, and at any time
5 before articles of domestication are delivered to the [Secretary of State] for filing under Section
6 912, a domesticating limited liability partnership may amend the plan or abandon the
7 domestication:

8 (1) as provided in the plan; or

9 (2) except as otherwise prohibited in the plan, by the same consent as was
10 required to approve the plan.

11 **SECTION 912. FILINGS REQUIRED FOR DOMESTICATION; EFFECTIVE**
12 **DATE.**

13 (a) After a plan of domestication is approved, a domesticating limited liability partnership
14 shall deliver to the [Secretary of State] for filing articles of domestication, which must include:

15 (1) a statement to that effect if the limited liability partnership has been
16 domesticated from or into another jurisdiction;

17 (2) the name of the domesticating limited liability partnership and the jurisdiction
18 of its governing statute;

19 (3) the name of the domesticated limited liability partnership and the jurisdiction
20 of its governing statute;

21 (4) the date the domestication is effective under the governing statute of the
22 domesticated limited liability partnership;

23 (5) if the domesticating company was a limited liability partnership, a statement

1 that the domestication was approved as required by this [act];

2 (6) if the domesticating limited liability partnership was a foreign limited liability
3 partnership, a statement that the domestication was approved as required by the governing statute
4 of the other jurisdiction; and

5 (7) if the domesticated limited liability partnership is a foreign limited liability
6 partnership not authorized to transact business in this state, the street and mailing addresses of an
7 office that the [Secretary of State] may use for the purposes of Section 913(b).

8 (b) A domestication becomes effective:

9 (1) upon the filing of the statement of qualification pursuant to section 1001 or on
10 the date provided therein, whichever is later, if the domesticated partnership is a limited liability
11 partnership; and

12 (2) according to the governing statute of the domesticated limited liability
13 partnership, if it is a foreign limited liability partnership.

14 **SECTION 913. EFFECT OF DOMESTICATION.**

15 (a) When a domestication takes effect:

16 (1) the domesticated limited liability partnership is for all purposes the limited
17 liability partnership that existed before the domestication;

18 (2) all property owned by the domesticating limited liability partnership remains
19 vested in the domesticated limited liability partnership;

20 (3) all debts, obligations, or other liabilities of the domesticating limited liability
21 partnership continue as debts, obligations, or other liabilities of the domesticated limited liability
22 partnership;

23 (4) an action or proceeding pending by or against a domesticating limited liability

1 partnership may be continued as if the domestication had not occurred;

2 (5) except as prohibited by other law, all of the rights, privileges, immunities,
3 powers, and purposes of the domesticating limited liability partnership remain vested in the
4 domesticated limited liability partnership;

5 (6) except as otherwise provided in the plan of domestication, the terms and
6 conditions of the plan of domestication take effect; and

7 (7) except as otherwise agreed, the domestication does not dissolve a
8 domesticating limited liability partnership for the purposes of [Article] 8.

9 (b) A domesticated limited liability partnership that is a foreign limited liability
10 partnership consents to the jurisdiction of the courts of this state to enforce any debt, obligation,
11 or other liability owed by the domesticating limited liability partnership, if, before the
12 domestication, the domesticating limited liability partnership was subject to suit in this state on
13 the debt, obligation, or other liability. A domesticated limited liability partnership that is a
14 foreign limited liability partnership and not authorized to transact business in this state appoints
15 the [Secretary of State] as its agent for service of process for purposes of enforcing a debt,
16 obligation, or other liability under this subsection. Service on the [Secretary of State] under this
17 subsection of any process, notice, or demand as agent for a domesticated limited liability
18 partnership that is a foreign limited liability partnership may be made by delivering to the
19 [Secretary of State] duplicate copies of the process, notice, or demand. If a process, notice, or
20 demand is served upon the [Secretary of State], the [Secretary of State] shall forward one of the
21 copies by registered or certified mail, return receipt requested, to the organization at its registered
22 office. Service is effected under this subsection at the earliest of:

23 (1) the date the domesticated foreign limited liability partnership receives the

1 process, notice, or demand;

2 (2) the date shown on the return receipt, if signed on behalf of the limited liability
3 partnership; or

4 (3) five days after the process, notice, or demand is deposited with the United
5 States Postal Service, if correctly addressed and with sufficient postage.

6 (c) If a limited liability partnership has adopted and approved a plan of domestication
7 under Section 910 providing for the limited liability partnership to be domesticated in a foreign
8 jurisdiction, a statement pursuant to Section 1001(d) cancelling the limited liability partnership's
9 statement of qualification must be delivered to the [Secretary of State] for filing setting forth:

10 (1) the name of the limited liability partnership;

11 (2) a statement that the limited liability partnership's statement of qualification is
12 being cancelled in connection with the domestication of the limited liability partnership in a
13 foreign jurisdiction;

14 (3) a statement the domestication was approved as required by this [act]; and

15 (4) the jurisdiction of formation of the domesticated foreign limited liability
16 partnership.

17 **SECTION 914. RESTRICTIONS ON APPROVAL OF MERGER, CONVERSION,**
18 **AND DOMESTICATION.**

19 (a) If a partner of a constituent or converting partnership, or domesticating limited
20 liability partnership will have personal liability with respect to a surviving, converted, or
21 domesticated organization, approval or amendment of a plan of merger, conversion, or
22 domestication are ineffective without the consent of the partner, unless:

23 (1) the partnership's partnership agreement provides for approval of a merger.

1 conversion, or domestication with the consent of fewer than all the partners; and

2 (2) the partner has consented to the provision.

3 (b) A partner does not give the consent required by subsection (a) merely by consenting
4 to a provision of the partnership agreement that permits the partnership agreement to be amended
5 with the consent of fewer than all the partners.

6 **SECTION 915. AMENDMENT OR ABANDONMENT OF PLAN OF MERGER,**
7 **CONVERSION, DOMESTICATION.**

8 (a) Subject to Section 914, a plan of merger, domestication, or conversation of a
9 partnership may be amended:

10 (1) in the same manner as the plan was approved, if the plan does not provide for
11 the manner in which it may be amended; or

12 (2) by the partners of the partnership in the manner provided in the plan, but a
13 member that was entitled to vote on or consent to approval of the plan is entitled to vote on or
14 consent to any amendment of the plan that will change:

15 (A) the amount or kind of interests, securities, obligations, rights to
16 acquire interests or securities, cash, or other property, or any combination of the foregoing, to be
17 received by the members of any party to the plan;

18 (B) the organizational documents of the surviving, converted, or
19 domesticated organization that will be in effect immediately after the merger, conversion, or
20 domestication becomes effective, except for changes that, under the governing statute of the
21 organization, do not require approval of the persons considered by the governing statute to be
22 owners of the organization; or

23 (C) any other terms or conditions of the plan, if the change would

1 adversely affect the partner in any material respect.

2 (b) After a plan of merger, conversion, or domestication has been approved by a
3 partnership and before a statement of merger, conversion, or domestication becomes effective,
4 the plan may be abandoned:

5 (1) as provided in the plan; or

6 (2) unless prohibited by the plan, in the same manner as the plan was approved.

7 (c) If a plan of merger is abandoned after a statement of merger, conversion, or
8 domestication has been filed with the [Secretary of State] and before the filing becomes
9 effective, a statement of abandonment, signed on behalf of a constituent organization, converting
10 organization, or domesticating organization, must be filed with the [Secretary of State] before the
11 time the statement of merger, conversion, or domestication becomes effective. The statement of
12 abandonment takes effect upon filing, and the merger, conversion, or domestication is abandoned
13 and does not become effective. The statement of abandonment must contain:

14 (1) the name of each constituent organization that is [authorized] [registered] to
15 do business in this state or whose governing statute is a statute of this state;

16 (2) the date on which the statement of merger, conversion, or domestication was
17 filed; and

18 (3) a statement that the merger, conversion, or domestication has been abandoned
19 in accordance with this section.

20 **Reporters' Note**

21
22 Section 915 conforms to Conform to Entity Transactions Act Section 204 and RULLCA
23 Section 1014A
24

1 **SECTION ~~908~~ 916. NONEXCLUSIVE [ARTICLE] NOT EXCLUSIVE.** ~~This~~
2 ~~[article] is not exclusive. Partnerships or limited partnerships may be converted or merged in any~~
3 ~~other manner provided by law. This [article] does not preclude an entity from being merged,~~
4 converted, or domesticated under law other than this [act].

1 [ARTICLE] 10

2 LIMITED LIABILITY PARTNERSHIP

3
4 SECTION 1001. STATEMENT OF QUALIFICATION.

5 (a) A partnership may become a limited liability partnership pursuant to this section.

6 (b) The terms and conditions on which a partnership becomes a limited liability
7 partnership must be approved by the vote necessary to amend the partnership agreement except,
8 in the case of a partnership agreement that expressly considers obligations to contribute to the
9 partnership, the vote necessary to amend those provisions.

10 (c) After the approval required by subsection (b), a partnership may become a limited
11 liability partnership by filing a statement of qualification. The statement must contain:

12 (1) the name of the partnership;

13 (2) the street address of the partnership's ~~chief executive~~ principal office and, if
14 different, the street address of an office in this ~~State~~ state, if any;

15 (3) ~~if the partnership does not have an office in this State,~~ the name and street
16 address of the partnership's agent for service of process;

17 (4) a statement that the partnership elects to be a limited liability partnership; and

18 (5) a deferred effective date, if any.

19 (d) The agent of a limited liability partnership for service of process must be an
20 individual who is a resident of this ~~State~~ state or other person authorized to do business in this
21 ~~State~~ state.

22 (e) The status of a partnership as a limited liability partnership is effective on the later of
23 the filing of the statement or a date specified in the statement. The status remains effective,

1 regardless of changes in the partnership, until it is canceled pursuant to Section ~~105(d)~~ 107(g) or
2 revoked pursuant to Section 1003.

3 (f) The status of a partnership as a limited liability partnership and the liability of its
4 partners is not affected by errors or later changes in the information required to be contained in
5 the statement of qualification under subsection (c).

6 (g) The filing of a statement of qualification establishes that a partnership has satisfied all
7 conditions precedent to the qualification of the partnership as a limited liability partnership.

8 (h) An amendment or cancellation of a statement of qualification is effective when it is
9 filed or on a deferred effective date specified in the amendment or cancellation.

10 **Reporters' Note**

11
12 Section 1001(d) conforms to RULLCA Section 113(c).
13

14 **SECTION 1002. CHANGE OF OFFICE OR REGSITERED AGENT.**

15 (a) A partnership or foreign partnership may change its office, its registered agent, or the
16 address of its registered agent by delivering to the [Secretary of State] for filing a statement of
17 change containing:

18 (1) the name of the partnership; and

19 (2) the information that is to be in effect as a result of the filing of the statement of
20 change.

21 (b) The designation of a new registered agent pursuant to this section is an affirmation by
22 the partnership or foreign limited liability partnership that the designated person has consented to
23 serve.

24 (c) A statement of change is effective when filed by the [Secretary of State].
25

1 **Reporters' Note**

2
3 Section 1002 conforms to RULLCA Section 114.
4

5 **SECTION 1003. RESIGNATION OF REGSITERED AGENT.**

6 (a) A registered agent may resign as registered agent for a partnership or foreign limited
7 liability partnership by delivering to the [Secretary of State] for filing a statement of resignation
8 that states:

9 (1) the name of the partnership;

10 (2) the name of the agent;

11 (3) that the agent resigns from serving as registered agent for the partnership; and

12 (4) the address of the partnership to which the agent will send the notice required
13 by subsection (c).

14 (b) A statement of resignation takes effect on the earlier of the 31st day after the day on
15 which it is filed by the [Secretary of State] or the designation of a new registered agent for the
16 partnership or foreign limited liability partnership.

17 (c) A registered agent promptly shall furnish the partnership or foreign limited liability
18 partnership notice in a record of the date on which a statement of resignation was delivered to the
19 [Secretary of State] for filing.

20 (d) When a statement of resignation takes effect, the registered agent ceases to have
21 responsibility for any matter subsequently served on, delivered to, or tendered to it as agent for
22 the partnership or foreign limited liability partnership. The resignation does not affect any
23 contractual rights the partnership has against the agent or that the agent has against the
24 partnership.

1 **Reporters' Note**

2
3 Section 1003 conforms to RULLCA Section 115.
4

5 **SECTION 1004. SERVICE OF PROCESS, NOTICE OR DEMAND.**

6 (a) A partnership or foreign limited liability partnership may be served with any process,
7 notice, or demand required or permitted by law by serving its registered agent.

8 (b) If a partnership or foreign limited liability partnership no longer has a registered agent
9 in this state or the agent cannot with reasonable diligence be served, the partnership may be
10 served by registered or certified mail, return receipt requested, or by similar commercial delivery
11 service, addressed to the entity at its principal office in accordance with any applicable judicial
12 rules and procedures and with the envelope conspicuously marked "important legal notice" or
13 with words of similar import. Service is effected under this subsection on the earliest of:

14 (1) the date the partnership receives the mail or delivery by a similar commercial
15 delivery service;

16 (2) the date shown on the return receipt, if signed on behalf of the partnership; or

17 (3) five days after its deposit with the United States Postal Service, or similar
18 commercial delivery service, if correctly addressed and with sufficient postage or payment.

19 (c) If process, notice, or demand cannot be served on a partnership or foreign limited
20 liability partnership pursuant to subsection (a) or (b), service may be made by handing a copy to
21 the supervisor, administrator, clerk, or other individual in charge of any regular place of business
22 of the partnership if the individual served is not a plaintiff in the action.

23 (d) Service of process, notice, or demand on a registered agent must be in a written
24 record. Receipt of a written process, notice, or demand by the registered agent of a partnership
25 or foreign limited liability partnership is receipt by the partnership.

1 ~~following the calendar year in which a partnership files a statement of qualification or a foreign~~
2 ~~partnership becomes authorized to transact business in this State. The first annual report must be~~
3 ~~delivered to the [Secretary of State] after [January 1] and before [April 1] of the year following~~
4 ~~the calendar year in which a limited liability partnership was formed or a foreign limited liability~~
5 ~~partnership is authorized to do business in this state. Subsequent annual reports must be~~
6 ~~delivered to the [Secretary of State] after [January 1] and before [April 1] of each calendar year~~
7 ~~thereafter.~~

8 (d) If an annual report under this section does not contain the information required by
9 subsection (b), the [Secretary of State] shall promptly notify the reporting limited liability
10 partnership or foreign limited liability partnership in a record and return the report for correction.

11 (e) If an annual report under this section contains an address of an office or the name or
12 address of an agent for service of process which differs from the information shown in the
13 records of the [Secretary of State] immediately before the annual report becomes effective, the
14 differing information in the annual report is considered a statement of change under Section
15 1002.

16 ~~(e)~~ (f) The [Secretary of State] may revoke the statement of qualification of a partnership
17 that fails to file an annual report when due or pay the required filing fee. To do so, the [Secretary
18 of State] shall provide the partnership at least 60 days' written notice of intent to revoke the
19 statement. The notice must be mailed to the partnership at its chief executive office set forth in
20 the last filed statement of qualification or annual report. The notice must specify the annual
21 report that has not been filed, the fee that has not been paid, and the effective date of the
22 revocation. The revocation is not effective if the annual report is filed and the fee is paid before
23 the effective date of the revocation.

(~~d~~) (g) A revocation under subsection (~~e~~) (f) only affects a partnership's status as a limited liability partnership and is not an event of dissolution of the partnership.

(e) (h) A partnership whose statement of qualification has been revoked may apply to the [Secretary of State] for reinstatement within two years after the effective date of the revocation.

The application must state:

(1) the name of the partnership and the effective date of the revocation; and

(2) that the ground for revocation either did not exist or has been corrected.

(f) (i) A reinstatement under subsection ~~(e)~~ (h) relates back to and takes effect as of the effective date of the revocation, and the partnership's status as a limited liability partnership continues as if the revocation had never occurred.

Reporters' Note

Section 1006 conforms to RULLCA Section 109.

1 [ARTICLE] 11

2 FOREIGN LIMITED LIABILITY PARTNERSHIP

3
4 SECTION 1101. LAW GOVERNING FOREIGN LIMITED LIABILITY
5 PARTNERSHIP.

6 (a) The law under which a foreign limited liability partnership is formed governs ~~relations~~
7 ~~among the partners and between the partners and the partnership and the liability of partners for~~
8 ~~obligations of the partnership:~~

9 (1) the internal affairs of the limited liability partnership; and
10 (2) the liability of a partner as partner for the debts, obligations, or other liabilities
11 of the partnership.

12 (b) ~~A foreign limited liability partnership may not be denied a statement of foreign~~
13 ~~qualification by reason of any difference between the law under which the partnership was~~
14 ~~formed and the law of this State. A foreign limited liability company may not be precluded from~~
15 ~~registering to do business in this state because of any difference between the law of the limited~~
16 ~~liability partnership's jurisdiction of formation and the laws of this state.~~

17 (c) ~~A statement of foreign qualification does not authorize a foreign limited liability~~
18 ~~partnership to engage in any business or exercise any power that a partnership may not engage in~~
19 ~~or exercise in this State as a limited liability partnership. Registration as a foreign limited~~
20 ~~liability partnership to do business in this state does not authorize that partnership to engage in~~
21 ~~any business or exercise any power that a limited liability partnership may not engage in or~~
22 ~~exercise in this state.~~

1 **Reporters' Note**

2
3 Section 1101 conforms to HUB Section 1-501. Section 1101(a)(2) conforms to RULLCA
4 Section 106.
5

6 **SECTION 1102. REGISTRATION TO DO BUSINESS IN THIS STATE.**

7 (a) A foreign limited liability partnership may not do business in this state until it
8 registers with the [Secretary of State] under this [article].

9 (b) A foreign limited liability partnership doing business in this state may not maintain an
10 action or proceeding in this state unless it has registered to do business in this state.

11 (c) The failure of a foreign limited liability partnership to register to do business in this
12 state does not impair the validity of a contract or act of the foreign limited liability partnership or
13 preclude it from defending an action or proceeding in this state.

14 (d) A partner of a foreign limited liability partnership is not liable for the debt, obligation,
15 or other liability of a limited liability partnership solely because the partnership transacted
16 business in this state without registering to do business in this state.

17 (e) Section 1101(a) and (b) apply even if a foreign limited liability partnership fails to
18 register under this [article].

19 **Reporters' Note**

20
21 Section 1102 conforms to HUB Section 1-501 and RULLCA Section 802.
22

23 **SECTION 1103. EFFECT OF FAILURE TO QUALIFY.**

24 ~~(a) A foreign limited liability partnership transacting business in this State may not~~
25 ~~maintain an action or proceeding in this State unless it has in effect a statement of foreign~~
26 ~~qualification.~~

27 ~~(b) The failure of a foreign limited liability partnership to have in effect a statement of~~

1 ~~foreign qualification does not impair the validity of a contract or act of the foreign limited~~
2 ~~liability partnership or preclude it from defending an action or proceeding in this State.~~

3 ~~(c) A limitation on personal liability of a partner is not waived solely by transacting~~
4 ~~business in this State without a statement of foreign qualification.~~

5 ~~(d) If a foreign limited liability partnership transacts business in this State without a~~
6 ~~statement of foreign qualification, the [Secretary of State] is its agent for service of process with~~
7 ~~respect to a right of action arising out of the transaction of business in this State.~~

8 **~~SECTION 1104. ACTIVITIES NOT CONSTITUTING TRANSACTING~~**
9 **~~BUSINESS.~~**

10 ~~(a) Activities of a foreign limited liability partnership which do not constitute transacting~~
11 ~~business for the purpose of this [article] include:~~

12 ~~(1) maintaining, defending, or settling an action or proceeding;~~

13 ~~(2) holding meetings of its partners or carrying on any other activity concerning~~
14 ~~its internal affairs;~~

15 ~~(3) maintaining bank accounts;~~

16 ~~(4) maintaining offices or agencies for the transfer, exchange, and registration of~~
17 ~~the partnership's own securities or maintaining trustees or depositories with respect to those~~
18 ~~securities;~~

19 ~~(5) selling through independent contractors;~~

20 ~~(6) soliciting or obtaining orders, whether by mail or through employees or agents~~
21 ~~or otherwise, if the orders require acceptance outside this State before they become contracts;~~

22 ~~(7) creating or acquiring indebtedness, with or without a mortgage, or other~~
23 ~~security interest in property;~~

~~(8) collecting debts or foreclosing mortgages or other security interests in property securing the debts, and holding, protecting, and maintaining property so acquired;~~

~~(9) conducting an isolated transaction that is completed within 30 days and is not one in the course of similar transactions; and~~

~~(10) transacting business in interstate commerce.~~

~~(b) For purposes of this [article], the ownership in this State of income-producing real property or tangible personal property, other than property excluded under subsection (a), constitutes transacting business in this State.~~

~~(c) This section does not apply in determining the contacts or activities that may subject a foreign limited liability partnership to service of process, taxation, or regulation under any other law of this State.~~

SECTION 1103. FOREIGN REGISTRATION STATEMENT. To register to do business in this state, a foreign limited liability partnership must deliver a foreign registration statement to the [Secretary of State] for filing. The application must set forth:

(1) the name of the partnership and, if the name does not comply with Section 1005, an
alternate name adopted pursuant to Section 1106(a);

(2) the name of the jurisdiction under whose law the partnership is formed;

(3) the street and mailing addresses of the partnership's office and, if the law of the jurisdiction under which the partnership is formed requires the partnership to maintain an office in that jurisdiction, the street and mailing addresses of the required office; and

(4) the name and street and mailing addresses of the partnership's initial registered agent.

Reporters' Note

Section 1103 conforms to HUB Section 1-501 and RULLCA Section 802.

1 **SECTION 1104. AMENDMENT OF FOREIGN REGISTRATION STATEMENT.**

2 (a) A foreign limited liability partnership registered to do business in this state shall
3 deliver to the [Secretary of State] for filing an amendment to its foreign registration statement if
4 there is a change in:

5 (1) the name of the entity;

6 (2) the name the jurisdiction under whose law the limited liability partnership is
7 formed;

8 (3) the address required by Section 1103; and

9 (4) the name and street and mailing addresses of the limited liability partnership's
10 registered agent.

11 (b) The requirements of Section 1103 for an original foreign registration statement apply
12 to an amendment of a foreign registration statement under this section.

13 **Reporters' Note**

14 Section 1104 conforms to HUB Section 1-504 and RULLCA Section 803.
15
16

17 **SECTION 1105. ACTIVITIES NOT CONSTITUTING DOING BUSINESS.**

18 (a) Activities of a foreign limited liability partnership which do not constitute doing
19 business in this state under this [article] include:

20 (1) maintaining, defending, mediating, arbitrating, or settling an action or
21 proceeding;

22 (2) carrying on any activity concerning its internal affairs, including holding a
23 meeting of its partners;

24 (3) maintaining accounts in financial institutions;

25 (4) maintaining offices or agencies for the transfer, exchange, and registration of

1 the partnership's securities or maintaining trustees or depositories with respect to those
2 securities;

3 (5) selling through independent contractors;

4 (6) soliciting or obtaining orders, by any means, if the orders require acceptance
5 outside this state before they become contracts;

6 (7) creating or acquiring indebtedness, mortgages, or security interests in
7 property;

8 (8) securing or collecting debts or enforcing mortgages or other security interests
9 in property securing the debts and holding, protecting, or maintaining property;

10 (9) conducting an isolated transaction that is not in the course of similar
11 transactions;

12 (10) owning, without more, real or personal property; and

13 (11) doing business in interstate commerce.

14 (b) This section does not apply in determining the contacts or activities that may subject a
15 foreign limited liability partnership to service of process, taxation, or regulation under law of this
16 state other than this [act].

17 **Reporters' Note**

18
19 Section 1105 conforms RULLCA Section 804.
20

21 **SECTION 1106. NONCOMPLYING NAME OF FOREIGN LIMITED LIABILITY** 22 **PARTNERSHIP.**

23 (a) A foreign limited liability partnership whose name does not comply with Section 1005
24 may not register to do business in this state until it adopts, for the purpose of doing business in
25 this state, an alternate name that complies with Section 1005. A foreign limited liability

1 partnership that registers under an alternate name under this subsection need not comply with
2 [this state's fictitious or assumed name statute]. After registering to do business in this state with
3 an alternate name, a foreign limited liability partnership may do business in this state under:

4 (1) the alternate name;

5 (2) the name in the jurisdiction under whose law the partnership is formed, with
6 that jurisdiction clearly identified; or

7 (3) an assumed or fictitious name the partnership is authorized to use under [this
8 state's fictitious or assumed name statute].

9 (b) If a foreign limited liability partnership registered to transact business in this state
10 changes its name to one that does not comply with Section 1102, it may not do business in this
11 state until it complies with subsection (a) by amending its registration to adopt an alternate name
12 that complies with Section 1102.

13 **Reporters' Note**

14
15 Section 1106 conforms to RULLCA Section 805.
16

17 **SECTION 1107. WITHDRAWAL DEEMED ON CONVERSION TO DOMESTIC**
18 **FILING ENTITY OR DOMESTIC LIMITED LIABILITY PARTNERSHIP.** A foreign
19 limited liability partnership registered to do business in this state which converts to a domestic
20 limited liability partnership or to a domestic entity that is organized, incorporated, or otherwise
21 formed through the delivery of a record to the [Secretary of State] for filing is deemed to have
22 withdrawn its registration on the effective date of the conversion.

23 **Reporters' Note**

24
25 Section 1107 conforms to RULLCA Section 806.
26

1 **SECTION 1108. WITHDRAWAL ON CONVERSION TO NONFILING ENTITY**
2 **OTHER THAN LIMITED LIABILITY PARTNERSHIP.**

3 (a) A foreign limited liability partnership registered to do business in this state shall
4 deliver a statement of withdrawal to the [Secretary of State] for filing if the partnership converts
5 to a domestic or foreign entity that is not organized, incorporated, or otherwise formed through
6 the public filing of a record, other than a limited liability partnership. The statement must state:

7 (1) the name of the foreign limited liability partnership and the name of the
8 jurisdiction under whose law it was formed before the conversion;

9 (2) the type of entity to which it has converted and the jurisdiction whose laws
10 govern the entity's internal affairs;

11 (3) that the foreign limited liability partnership surrenders its registration to do
12 business in this state;

13 (4) that the foreign limited liability revokes the authority of its registered agent to
14 accept service on its behalf; and

15 (5) a mailing address to which service of process may be made under subsection
16 (b).

17 (b) After a withdrawal is effective under this section, service of process in any action or
18 proceeding based on a cause of action arising during the time the foreign limited liability
19 company was registered to do business in this state may be made pursuant to Section 1111(b).

20 **Reporters' Note**

21 Section 1108 conforms to HUB Section 1-509 and RULLCA Section 807.
22
23

24 **SECTION 1109. TRANSFER OF REGISTRATION.**

25 (a) A foreign limited liability partnership registered to do business in this state which

1 merges into or converts to a foreign entity required to register with the [Secretary of State] to do
2 business in this state shall deliver to the [Secretary of State] for filing an application for transfer
3 of registration. The application must state:

4 (1) the name of the applicant entity;

5 (2) that before the merger or conversion, the registration pertained to a foreign
6 limited liability partnership;

7 (3) the name of the entity into which the foreign limited liability partnership has
8 merged or to which it has been converted, and, if the name does not comply with Section 108, an
9 alternate name adopted pursuant to Section 1106(a);

10 (4) the type of entity into which it has merged or to which it has been converted
11 and the jurisdiction whose law governs the surviving or converted entity's internal affairs; and

12 (5) the following information regarding the entity into which it has merged or to
13 which it has been converted, if different than the information for the applicant entity:

14 (A) the street and mailing address of the principal office of the surviving
15 or converted entity and, if the law of the entity's jurisdiction of formation requires the entity to
16 maintain an office in that jurisdiction, the street and mailing address of that office; and

17 (B) the name and street and mailing address of the entity's registered agent
18 in this state.

19 (b) When an application for transfer of registration takes effect, the registration of the
20 applicant entity to do business in this state is transferred without interruption to the entity into
21 which it has merged or to which it has been converted.

22 **Reporters' Note**

23
24 Section 1109 conforms to HUB Section 1-510 and RULLCA Section 808.

1 **SECTION 1110. TERMINATION OF REGISTRATION.**

2 (a) The [Secretary of State] may terminate the registration of a foreign limited liability
3 partnership to do business in this state in the manner provided in subsections (b) and (c) if the
4 partnership does not:

5 (1) pay, not later than 60 days after the due date, any fee, tax, or penalty required
6 to be paid to the [Secretary of State] under this [act] or law other than this [act];

7 (2) deliver, not later than 60 days after the due date, its annual report required
8 under Section 1003;

9 (3) appoint and maintain a registered agent as required by Section 1003; or

10 (4) deliver to the [Secretary of State] for filing a statement of a change under
11 Section 1003 not later than 30 days after a change has occurred in the name or address of the
12 registered agent.

13 (b) The [Secretary of State] may terminate the registration of a foreign limited liability
14 partnership by filing a notice of termination or noting the termination in the record of the
15 [Secretary of State] and by sending a copy of the notice or the information in the notation to the
16 partnership's registered agent in this state, or if the partnership does not appoint and maintain a
17 proper registered agent in this state, to the partnership's office. The notice must state:

18 (1) the effective date of the termination, which must be at least [60 days] after the
19 date the [Secretary of State] sends the copy; and

20 (2) the grounds for termination under subsection (a).

21 (c) The authority of a foreign limited liability partnership to do business in this state
22 ceases on the effective date of the notice of termination unless before that date the partnership
23 cures each ground for termination stated in the notice of termination or the notated information.

1 If the partnership cures each ground, the [Secretary of State] shall file a record so stating.

2 **Reporters' Note**

3
4 Section 1110 conforms to HUB Section 1-511 and RULLCA Section 809.
5

6 **SECTION ~~1102~~ 1111. STATEMENT OF FOREIGN QUALIFICATION**
7 **WITHDRAWAL OF REGISTRATION OF REGISTERED FOREIGN ENTITY.**

8 ~~(a) Before transacting business in this State, a foreign limited liability partnership must~~
9 ~~file a statement of foreign qualification. The statement must contain:~~

10 ~~(1) the name of the foreign limited liability partnership which satisfies the~~
11 ~~requirements of the State or other jurisdiction under whose law it is formed and ends with~~
12 ~~“Registered Limited Liability Partnership”, “Limited Liability Partnership”, “R.L.L.P.”, “L.L.P.”,~~
13 ~~“RLLP,” or “LLP”;~~

14 ~~(2) the street address of the partnership’s chief executive office and, if different, the~~
15 ~~street address of an office of the partnership in this State, if any;~~

16 ~~(3) if there is no office of the partnership in this State, the name and street address~~
17 ~~of the partnership’s agent for service of process; and~~

18 ~~(4) a deferred effective date, if any.~~

19 ~~(b) The agent of a foreign limited liability company for service of process must be an~~
20 ~~individual who is a resident of this State or other person authorized to do business in this State.~~

21 ~~(c) The status of a partnership as a foreign limited liability partnership is effective on the~~
22 ~~later of the filing of the statement of foreign qualification or a date specified in the statement.~~
23 ~~The status remains effective, regardless of changes in the partnership, until it is canceled~~
24 ~~pursuant to Section 105(d) or revoked pursuant to Section 1003.~~

25 ~~(d) An amendment or cancellation of a statement of foreign qualification is effective when it is~~

1 ~~filed or on a deferred effective date specified in the amendment or cancellation.~~

2 (a) A foreign entity registered to do business in this state may withdraw its registration by
3 delivering a statement of withdrawal to the [Secretary of State] for filing. The statement of
4 withdrawal must set forth:

5 (1) the name of the foreign entity and the name of the jurisdiction under whose
6 law it is formed;

7 (2) that the entity is not doing business in this state and that it withdraws its
8 registration to do business in this state;

9 (3) that the entity revokes the authority of its registered agent to accept service on
10 its behalf; and

11 (4) an address to which service of process may be made under subsection (b).

12 (b) After the withdrawal of the registration of a foreign limited liability partnership,
13 service of process in any action or proceeding based on a cause of action arising during the time
14 the partnership was registered to do business in this state may be made by registered or certified
15 mail, return receipt requested, or by similar commercial delivery service, addressed to the limited
16 liability partnership at its principal office in accordance with any applicable judicial rules and
17 procedures and with the envelope conspicuously marked “important legal notice” or with words
18 of similar import. Service is effected under this subsection on the earliest of:

19 (1) the date the entity receives the mail or delivery by a similar commercial
20 delivery service;

21 (2) the date shown on the return receipt, if signed on behalf of the limited liability
22 partnership; or

23 (3) five days after its deposit with the United States Postal Service, or similar

1 commercial delivery service, if correctly addressed and with sufficient postage or payment.

2 (c) If process, notice, or demand cannot be served on a foreign limited liability
3 partnership pursuant to subsection (b), service may be made by handing a copy to a supervisor,
4 clerk, or other individual in charge of any regular place of business of the partnership if the
5 individual served is not a plaintiff in the action.

6 **Reporters' Note**

7
8 Section 1111 conforms to HUB Section 1-507 and RULLCA Section 807.
9

10 **SECTION ~~1105~~ 1112. ACTION BY [ATTORNEY GENERAL].** The [Attorney
11 General] may maintain an action to restrain a foreign limited liability partnership from
12 ~~transacting~~ doing business in this ~~State~~ state in violation of this ~~article~~ act.
13

1 [ARTICLE] 12

2 MISCELLANEOUS PROVISIONS

3
4 SECTION 1201. UNIFORMITY OF APPLICATION AND CONSTRUCTION.

5 ~~This [Act] shall be applied and construed to effectuate its general purpose to make uniform the~~
6 ~~law with respect to the subject of this [Act] among States enacting it. In applying and construing~~
7 ~~this uniform act, consideration must be given to the need to promote uniformity of the law with~~
8 ~~respect to its subject matter among states that enact it.~~

9 ~~SECTION 1202. SHORT TITLE. This [Act] may be cited as the Uniform Partnership~~
10 ~~Act (1997).~~

11 SECTION 1202. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL
12 AND NATIONAL COMMERCE ACT. This [act] modifies, limits, and supersedes the federal
13 Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Section 7001 et seq., but
14 does not modify, limit, or supersede Section 101(c) of that act, 15 U.S.C. Section 7001(c), or
15 authorize electronic delivery of any of the notices described in Section 103(b) of that act, 15
16 U.S.C. Section 7003(b).

17 ~~SECTION 1203. SEVERABILITY CLAUSE. If any provision of this [Act] or its~~
18 ~~application to any person or circumstance is held invalid, the invalidity does not affect other~~
19 ~~provisions or applications of this [Act] which can be given effect without the invalid provision or~~
20 ~~application, and to this end the provisions of this [Act] are severable.~~

21 ~~SECTION 1204. EFFECTIVE DATE. This [Act] takes effect~~

22 ~~SECTION 1205. REPEALS. Effective January 1, ____, the following acts and parts of~~
23 ~~acts are repealed: [the State Partnership Act as amended and in effect immediately before the~~

effective date of this [Act]].

SECTION ~~1206~~ 1203. APPLICABILITY TO EXISTING RELATIONSHIPS.

(a) ~~Before January 1, ____, this [Act] governs only a partnership formed:~~

~~(1) after the effective date of this [Act], except a partnership that is continuing the business of a dissolved partnership under [Section 41 of the superseded Uniform Partnership Act]; and~~

~~(2) before the effective date of this [Act], that elects, as provided by subsection (c), to be governed by this [Act].~~

~~(b) On and after January 1, ____, this [Act] governs all partnerships.~~

~~(c) Before January 1, ____, a partnership voluntarily may elect, in the manner provided in its partnership agreement or by law for amending the partnership agreement, to be governed by this [Act]. The provisions of this [Act] relating to the liability of the partnership's partners to third parties apply to limit those partners' liability to a third party who had done business with the partnership within one year before the partnership's election to be governed by this [Act] only if the third party knows or has received a notification of the partnership's election to be governed by this [Act].~~

(a) Before [all-inclusive date], this [act] governs only:

(1) a partnership formed on or after [the effective date of this act]; and

(2) a partnership formed before [the effective date of this act] which elects, in the manner provided in its partnership agreement or by law for amending the partnership agreement, to be subject to this [act].

(b) On and after [all-inclusive date] this [act] governs all partnerships.

SECTION ~~1207~~ 1204. SAVINGS CLAUSE. This [Act] [act] does not affect an action

1 ~~commenced~~, or proceeding ~~commenced~~ brought, or right accrued before this ~~[Act]~~ [act] takes
2 effect.

3 ~~[Sections 1208 through 1211 are necessary only for jurisdictions adopting Uniform Limited~~
4 ~~Liability Partnership Act Amendments after previously adopting Uniform Partnership Act~~
5 ~~(1994)]~~

6 **SECTION ~~1208~~ 1205. EFFECTIVE DATE.** These [Amendments] take effect ...

7 **SECTION ~~1209~~ 1206. REPEALS.** Effective January 1, __, [all-inclusive date], the
8 following acts and parts of acts are repealed: [the ~~Limited Liability Partnership~~ amendments to
9 the ~~State~~ state ~~Partnership~~ partnership ~~[Act]~~ [act], as amended, and in effect immediately before
10 the effective date of these [Amendments] this [act].

11 **SECTION ~~1210~~. APPLICABILITY.**

12 (a) ~~Before January 1, __, these [Amendments] govern only a limited liability partnership~~
13 ~~formed:~~

14 (1) ~~on or after the effective date of these [Amendments], unless that partnership is~~
15 ~~continuing the business of a dissolved limited liability partnership; and~~

16 (2) ~~before the effective date of these [Amendments], that elects, as provided by~~
17 ~~subsection (c), to be governed by these [Amendments].~~

18 (b) ~~On and after January 1, __, these [Amendments] govern all partnerships.~~

19 (c) ~~Before January 1, __, a partnership voluntarily may elect, in the manner provided in~~
20 ~~its partnership agreement or by law for amending the partnership agreement, to be governed by~~
21 ~~these [Amendments]. The provisions of these [Amendments] relating to the liability of the~~
22 ~~partnership's partners to third parties apply to limit those partners' liability to a third party who~~
23 ~~had done business with the partnership within one year before the partnership's election to be~~

1 ~~governed by these [Amendments], only if the third party knows or has received a notification of~~
2 ~~the partnership's election to be governed by these [Amendments].~~

3 ~~(d) The existing provisions for execution and filing a statement of qualification of a~~
4 ~~limited liability partnership continue until either the limited liability partnership elects to have~~
5 ~~this [Act] apply or January 1, ____.~~

6 ~~**SECTION 1211. SAVINGS CLAUSE.** These [Amendments] do not affect an action or~~
7 ~~proceeding commenced or right accrued before these [Amendments] take effect.~~