

M E M O R A N D U M

TO: All Commissioners

RE: Harmonization of Business Entity Acts

This Committee's charge is to harmonize, to the extent possible, the six uniform unincorporated entity acts: the Revised Uniform Partnership Act (1997) (RUPA), the Revised Uniform Limited Partnership Act (2001) (ULPA), the Revised Uniform Limited Liability Company Act (2006) (RULLCA), the Uniform Limited Cooperative Association Act (2007) (ULCAA), the Revised Uniform Unincorporated Nonprofit Association Act (2008) (RUUNAA) and the Uniform Statutory Trust Entity Act (2009) (USTEA).

The harmonized version of the six unincorporated entity acts will continue to exist as stand-alone acts. They will also be incorporated as the spokes of the Business Organizations Code (the hub of the BOC was approved at the 2009 Annual Meeting). The harmonization project is complex and the time frame limited. We have two years to complete the process.

The Committee worked initially with RULLCA, ULPA and RUPA, because they are the three basic unincorporated entity acts. The Committee assessed each provision of each act against a "three category" standard: Category I – provisions that are parallel and therefore should be the same; Category II – provisions that are analogous and as to which harmonization should be considered; Category III – provisions that are *sui generis* to a particular act and therefore should not be the subject of any harmonization.

After the Committee made substantial progress with the three core acts, the logical next step was USTEA, because USTEA, unlike ULCAA and RUUNA, can "house" the same types of businesses as can be housed in a limited liability company, limited partnership, or general partnership.

In light of the harmonization project's complexity, the Executive Committee has approved an unusual approach to our "first reading" at the 2010 meeting. Your materials include fully harmonized versions of RULLCA and RUPA and a short selection of harmonized and non-harmonized sections of USTEA. We will read: harmonized RULLCA essentially in its entirety (omitting, however, any sections unaffected by the proposed harmonization); a substantial number of sections of harmonized RUPA; and a short selection of harmonized and non-harmonized sections of USTEA.

The limited readings of RUPA and USTEA each have a particular purpose. Full harmonization of RUPA will significantly "bulk up" the Conference's most widely enacted modern entity act. The partial reading is intended to inform the floor and to obtain its views on whether full harmonization is desirable. We plan to read the following provisions from the harmonized RUPA: Sections 101, 102, 103, 105, 306, 401, 401A, 402, 402A, 402B, 807, 808, 809, 810; Article 10.

The limited selection of USTEA sections (Sections 102, 105, 106, 201, 506, 509, 603, and 606) is to prompt discussion on a number of significant differences between USTEA and the three core business entity acts and between USTEA and the Conference's traditional positions on a number of major policy issues related to unincorporated entities.

Harry Haynsworth, Chair
June 7, 2010