

D R A F T

FOR APPROVAL

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

NATIONAL CONFERENCE OF COMMISSIONERS
ON UNIFORM STATE LAWS

AMERICAN BAR ASSOCIATION

MEETING IN ITS ONE-HUNDRED-AND-TWENTIETH YEAR
VAIL, COLORADO
JULY 7 - JULY 13, 2011

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

WITHOUT PREFATORY NOTES OR COMMENTS, BUT WITH REPORTERS' NOTES

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Jointly By

NATIONAL CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS

and

AMERICAN BAR ASSOCIATION

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May 31, 2011

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HARMONIZED UNIFORM PARTNERSHIP ACT (1997)

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HARMONIZED UNIFORM PARTNERSHIP ACT (1997)

Introductory Reporters' Note

The proposed revisions to the text of the act set forth in this document have been prepared as part of a project that has two purposes: (i) to harmonize the language of all of the unincorporated entity laws, and (ii) to revise the language of each of those acts in a manner that permits their integration into a single code of entity laws.

The Comments to the act have been omitted from this document to reduce its length. Following the approval of the changes in this document by the Conference, the Comments will be restored with appropriate changes.

The harmonization process has involved the revision of the following acts:

Business Organizations Act (“HUB”)
Model Entity Transactions Act (“META”)
Model Registered Agents Act
Uniform Partnership Act (1997)
Uniform Limited Partnership Act (2001)
Uniform Limited Liability Company Act (2006) (“ULLCA”)
Uniform Statutory Trust Entity Act
Uniform Limited Cooperative Association Act
Uniform Unincorporated Nonprofit Association Act (2008)

Changes to the currently effective text of the act are shown by ~~striking through text to be deleted~~ and underlining text to be added. Regular type is used to show changes that (i) adopt language from the HUB or META, (ii) are merely relocations of current language, or (iii) are corrections for the sake of internal consistency within an act. *Changes that adopt language from other unincorporated entity acts are shown in italics.* CHANGES THAT DO NOT HAVE A SOURCE IN ONE OF THE EXISTING UNINCORPORATED ENTITY ACTS ARE SHOWN IN SMALL CAPS. Often a SMALL CAPS change made to one entity act will be replicated in other acts as a matter of harmonization. These replications are shown in italics.

HARMONIZED UNIFORM PARTNERSHIP ACT (1997)

[ARTICLE] 1

GENERAL PROVISIONS

SECTION 101. SHORT TITLE. This [act] may be cited as the Uniform Partnership Act [year of enactment].

SECTION 102. DEFINITIONS. In this [Act] [act]:

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

(2) “Contribution”, *except in the phrase “right of contribution”, means property or a benefit described in Section 403 provided by a person to a partnership to become a partner or in the person’s capacity as a partner.*

~~(2)~~ (3) “Debtor in bankruptcy” means a person ~~who~~ that is the subject of:

~~(i)~~ (A) an order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or

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

~~(3)~~ (4) “Distribution” means a transfer of money or other property from a partnership to a ~~partner in the partner’s person on account of a transferable interest or in a person’s capacity as a partner or to the partner’s transferee.~~ The term:

(A) includes:

(i) a redemption or other purchase by a partnership of a transferable interest; and

(ii) a transfer to a partner in return for the partner’s relinquishment of any right to participate as a partner in the management or conduct of the partnership’s business or have access to records or other information concerning the partnership’s business; and

1 (B) does not include amounts constituting reasonable compensation for present or
2 past service or payments made in the ordinary course of business under a bona fide retirement
3 plan or other bona fide benefits program.

4 ~~(4)~~ (5) “Foreign limited liability partnership” means a foreign partnership whose partners
5 have limited liability for the debts, obligations, or other liabilities of the foreign partnership
6 under a provision similar to Section 306(c) that (i) is formed under laws other than the laws of
7 this State and (ii) has the status of that is a limited liability partnership under those laws.

8 (6) “Foreign partnership” means an unincorporated entity formed under the law of a
9 jurisdiction other than this state which would be a partnership if formed under the law of this
10 state. The term includes a foreign limited liability partnership.

11 (7) “Jurisdiction” used to refer to a political entity, means the United States, a state, a
12 foreign country, or a political subdivision of a foreign country.

13 (8) “Jurisdiction of formation” means, with respect to an entity, the jurisdiction

14 (A) under whose law the entity is formed; or

15 (B) in the case of a limited liability partnership or foreign limited liability
16 partnership, in which the partnership’s statement of qualification is filed.

17 ~~(5)~~ (9) “Limited liability partnership”, except in the phrase “foreign limited liability
18 partnership”, means a partnership that has filed a statement of qualification under Section 1001
19 and does not have a similar statement in effect in any other jurisdiction.

20 (10) “Partner” means a person that:

21 (A) has become a partner in a partnership under Section 402 or was a partner in
22 a partnership when the partnership became subject to this [act] under Section 1205; and

23 (B) has not dissociated as a partner under Section 601.

24 ~~(6)~~ (11) “Partnership” means an association of two or more persons to carry on as co-

owners a business for profit formed under ~~Section 202, predecessor law, or comparable law of~~
~~another jurisdiction~~ this [act] or that becomes subject to this [act] under Article 9 or Section
1205(a) or (b). The term includes a limited liability partnership.

~~(7) (12) “Partnership agreement” means the agreement, whether written, oral, or implied,~~
~~among or not referred to as a partnership agreement and whether oral, implied, in a record, or~~
~~in any combination thereof, of all the partners of a partnership concerning the partnership,~~
~~including amendments to the partnership agreement~~ matters described in Section 106(a). The
term includes the agreement as amended or restated.

~~(8) (13) “Partnership at will” means a partnership in which the partners have not agreed~~
~~to remain partners until the expiration of a definite term or the completion of a particular~~
~~undertaking.~~

~~(9) “PARTNERSHIP INTEREST” OR “PARTNER’S INTEREST IN THE PARTNERSHIP” MEANS ALL~~
~~OF A PARTNER’S INTERESTS IN THE PARTNERSHIP, INCLUDING THE PARTNER’S TRANSFERABLE~~
~~INTEREST AND ALL MANAGEMENT AND OTHER RIGHTS.~~

~~(10) (14) “Person” means an individual, corporation, business trust, estate, trust,~~
~~partnership, association, joint venture, government, governmental subdivision, agency, or~~
~~instrumentality, or any other legal or commercial entity.~~ business corporation, nonprofit
corporation, partnership, limited partnership, limited liability company, [general cooperative
association,] limited cooperative association, unincorporated nonprofit association, statutory
trust, business trust, common-law business trust, estate, trust, association, joint venture, public
corporation, government or governmental subdivision, agency, or instrumentality, or any other
legal or commercial entity.

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

1 ~~(11)~~ (16) “Property” means all property, whether real, personal, or mixed; or tangible or
2 intangible, or any right or interest therein.

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

5 (18) “Registered agent” means an agent of a limited liability partnership or foreign
6 limited liability partnership which is authorized to receive service of any process, notice, or
7 demand required or permitted by law to be served on the partnership.

8 (19) “Registered foreign limited liability partnership” means a foreign limited liability
9 partnership that is registered to do business in this state pursuant to a statement of registration
10 filed by the [Secretary of State].

11 (20) “Sign” means, with present intent to authenticate or adopt a record:

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

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

15 ~~(12)~~ (21) “State” means a ~~State~~ state of the United States, the District of Columbia, ~~the~~
16 ~~Commonwealth of~~ Puerto Rico, the United States Virgin Islands, or any territory or insular
17 possession subject to the jurisdiction of the United States.

18 ~~(13) “Statement” means a statement of partnership authority under Section 303, a~~
19 ~~statement of denial under Section 304, a statement of dissociation under Section 704, a statement~~
20 ~~of dissolution under Section 805, a statement of merger under Section 907, a statement of~~
21 ~~qualification under Section 1001, a statement of foreign qualification under Section 1102, or an~~
22 ~~amendment or cancellation of any of the foregoing.~~

23 ~~(14)~~ (22) “Transfer” includes:

24 (A) an assignment;

1 (B) a conveyance;

2 (C) a sale;

3 (D) a lease, mortgage, deed;

4 (E) an encumbrance, including a mortgage or security interest;

5 (F) a gift; and

6 (G) a transfer by operation of law.

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

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

13 **SECTION ~~102~~ 103. KNOWLEDGE; ~~AND~~ NOTICE.**

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

15 (1) has actual knowledge of it; or

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

17 (b) A person has notice of a fact if the person:

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

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

20 ~~(3) has reason to know it exists~~ the fact from all ~~of~~ the facts known to the person
21 at the time in question; or

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

23 (c) Subject to Section 116(f), A a person notifies ~~or gives a notification to~~ another person
24 of a fact by taking steps reasonably required to inform the other person in ordinary course,

whether or not those steps cause the other person ~~learns of it~~ to know the fact.

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

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

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

(A) a partner's dissociation 90 days after a statement of dissociation under Section 704 becomes effective; and

(B) a partnership's:

(i) dissolution 90 days after a statement of dissolution under Section 802 becomes effective;

(ii) termination 90 days after a statement of termination under Section 802 becomes effective; and

(iii) participation in a merger, interest exchange, conversion, or domestication 90 days after articles of merger, interest exchange, conversion, or domestication under [Article] 9 become effective.

(e) ~~Except as otherwise provided in subsection (f), a person other than an individual knows, has notice, or receives a notification of a fact for purposes of a particular transaction when the individual conducting the transaction knows, has notice, or receives a notification of the fact, or in any event when the fact would have been brought to the individual's attention if the person had exercised reasonable diligence. The person exercises reasonable diligence if it maintains reasonable routines for communicating significant information to the individual conducting the transaction and there is reasonable compliance with the routines. Reasonable diligence does not require an individual acting for the person to communicate information unless the communication~~

1 ~~is part of the individual's regular duties or the individual has reason to know of the transaction~~
2 ~~and that the transaction would be materially affected by the information.~~

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

7 **Reporters' Note**

8 Conformed to ULLCA § 103, except that subsection (e) is preserved because, unlike a
9 member of a limited liability company, a partner is an agent of the partnership.

10 **SECTION ~~106~~ 104. GOVERNING LAW.**

11 ~~(A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (B), THE LAW OF JURISDICTION IN~~
12 ~~WHICH A PARTNERSHIP HAS ITS CHIEF EXECUTIVE OFFICE GOVERNS RELATIONS AMONG THE~~
13 ~~PARTNERS AND BETWEEN THE PARTNERS AND THE PARTNERSHIP.~~

14 ~~(B) THE LAW OF THIS STATE GOVERNS RELATIONS AMONG THE PARTNERS AND BETWEEN~~
15 ~~THE PARTNERS AND THE PARTNERSHIP AND THE LIABILITY OF PARTNERS FOR AN OBLIGATION OF A~~
16 ~~LIMITED LIABILITY PARTNERSHIP.~~

17 THE INTERNAL AFFAIRS OF A PARTNERSHIP AND THE LIABILITY OF A PARTNER AS A PARTNER FOR
18 THE DEBTS, OBLIGATIONS, OR OTHER LIABILITIES OF THE PARTNERSHIP ARE GOVERNED BY:

19 (1) IN THE CASE OF A LIMITED LIABILITY PARTNERSHIP, THE LAW OF THIS STATE; AND

20 (2) IN THE CASE OF A PARTNERSHIP THAT IS NOT A LIMITED LIABILITY PARTNERSHIP, THE
21 LAW OF THE STATE OF THE JURISDICTION IN WHICH THE PARTNERSHIP HAS ITS PRINCIPAL OFFICE.

22 **SECTION ~~104~~ 105. SUPPLEMENTAL PRINCIPLES OF LAW.**

23 ~~(a)~~ Unless displaced by particular provisions of this [Act] [act], the principles of law and
24 equity supplement this [Act] [act].

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

1 ~~rate is that specified in [applicable statute].~~

2 **SECTION ~~103~~ 106. ~~EFFECT OF~~ PARTNERSHIP AGREEMENT;**

3 **~~NONWAIVABLE PROVISIONS~~ SCOPE, FUNCTION, AND LIMITATIONS.**

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

9 (1) relations among the partners as partners and between the partners and the
10 partnership;

11 (2) the business of the partnership and the conduct of that business; and

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

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

15 (c) The A partnership agreement may not:

16 (1) vary the ~~rights and duties under Section 105 except to eliminate the duty to~~
17 ~~provide copies of statements to all of the partners~~ law applicable under Section 104;

18 (2) vary the provisions of Section 111;

19 (3) vary the provisions of Section 307;

20 (2) (4) unreasonably restrict the ~~right of access to books and records under~~ duties
21 and rights under Section ~~403(b)~~ 408, but the partnership agreement may impose reasonable
22 restrictions on the availability and use of information obtained under that section and may define
23 appropriate remedies, including liquidated damages, for a breach of any reasonable restriction
24 on use;

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

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

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

7 ~~(4) (5) unreasonably reduce the duty of care under Section 404(c) or 603(b)(3)~~
8 ~~eliminate the duty of care or the duty of loyalty;~~

9 ~~(5) (6) eliminate the contractual obligation of good faith and fair dealing under~~
10 ~~Section 404(d) 409(d), but the partnership agreement may prescribe the standards, if not~~
11 ~~manifestly unreasonable, by which the performance of the obligation is to be measured if not~~
12 ~~manifestly unreasonable;~~

13 ~~(7) relieve or exonerate a person from liability for conduct involving bad faith,~~
14 ~~willful misconduct, or recklessness;~~

15 ~~(6) (8) vary the power to dissociate as a partner under Section 602(a), except to~~
16 ~~require the notice under Section 601(1) to be in writing a record;~~

17 ~~(7) (9) vary the right of a court to expel a partner in the events specified in Section~~
18 ~~601(5);~~

19 ~~(8) (10) vary the requirement to wind up the partnership business in cases causes~~
20 ~~of dissolution specified in Section 801(4), (5), or (6);~~

21 ~~(9) (11) vary the law applicable to a limited liability partnership under Section~~
22 ~~406(b); or requirement to wind up the partnership's business as specified in Section 802(a),~~
23 ~~(b)(1), and (d);~~

24 ~~(10) (12) vary the right of a partner to approve a merger, interest exchange,~~

1 conversion, or domestication under Section 923(a)(2), 933(a)(2), 943(a)(2), or 953(a)(2);

2 (13) vary any requirement, procedure, or other provision of this [act] pertaining
3 to:

4 (A) registered agents; or

5 (B) the [Secretary of State], including provisions pertaining to records
6 authorized or required to be delivered to the [Secretary of State] for filing under this [act]; or

7 ~~(10)~~ (14) except as otherwise provided in Sections 107 and 108(b), restrict the
8 rights of ~~third parties~~ under this [Act] [act] of a person other than a partner.

9 (d) Subject to subsection (c), without limiting other terms that may be included in a
10 partnership agreement the following rules apply:

11 ~~(1) all of the partners or a number or percentage specified in the partnership~~
12 ~~agreement may authorize or ratify, after full disclosure of all material facts, a specific act or~~
13 ~~transaction that otherwise would violate the duty of loyalty~~ The partnership agreement may
14 specify the method by which a specific act or transaction that would otherwise violate the duty of
15 loyalty may be authorized or ratified by one or more disinterested and independent persons after
16 full disclosure of all material facts.

17 (2) If not manifestly unreasonable, the partnership agreement may:

18 (A) eliminate the duty of loyalty under Section 404(b) or 603(b)(3), but
19 restrict or eliminate the aspects of the duty of loyalty stated in Section 409(b);

20 (B) the partnership agreement may identify specific types or categories of
21 activities that do not violate the duty of loyalty; ~~if not manifestly unreasonable; or;~~

22 (C) alter the duty of care, except to authorize intentional misconduct or
23 knowing violation of law; and

24 (D) alter or eliminate any other fiduciary duty.

1 (e) The court shall decide as a matter of law any claim under subsection (c)(6) or (d)(2)
2 that a term of a partnership agreement is manifestly unreasonable. The court:

3 (1) shall make its determination as of the time the challenged term became part of
4 the partnership agreement and by considering only circumstances existing at that time; and

5 (2) may invalidate the term only if, in light of the purposes and business of the
6 partnership, it is readily apparent that:

7 (A) the objective of the term is unreasonable; or

8 (B) the term is an unreasonable means to achieve the provision's
9 objective.

10 **SECTION 107. PARTNERSHIP AGREEMENT; EFFECT ON PARTNERSHIP**
11 **AND PERSON BECOMING PARTNER; PREFORMATION AGREEMENT.**

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

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

16 (c) Two or more persons intending to become the initial partners of a partnership may
17 make an agreement providing that upon the formation of the partnership the agreement will
18 become the partnership agreement.

19 **SECTION 108. PARTNERSHIP AGREEMENT; EFFECT ON THIRD PARTIES**
20 **AND RELATIONSHIP TO RECORDS EFFECTIVE ON BEHALF OF PARTNERSHIP.**

21 (a) A partnership agreement may specify that its amendment requires the approval of a
22 person that is not a party to the agreement or the satisfaction of a condition. An amendment is
23 ineffective if its adoption does not include the required approval or satisfy the specified
24 condition.

1 (b) The obligations of a partnership and its partners to a person in the person's capacity
2 as a transferee or person dissociated as a partner are governed by the partnership agreement.
3 Subject only to a court order issued under Section 504(b)(2) to effectuate a charging order, an
4 amendment to the partnership agreement made after a person becomes a transferee or is
5 dissociated as a partner:

6 (1) is effective with regard to any debt, obligation, or other liability of the
7 partnership or its partners to the person in the person's capacity as a transferee or person
8 dissociated as a partner; and

9 (2) is not effective to the extent the amendment:

10 (A) imposes a new debt, obligation, or other liability on the transferee or
11 person dissociated as a partner; OR

12 (B) PREJUDICES THE RIGHTS UNDER SECTION 701 OF A PERSON THAT
13 DISSOCIATED AS A PARTNER BEFORE THE AMENDMENT WAS MADE.

14 (c) If a record delivered by a partnership to the [Secretary of State] for filing becomes
15 effective under this [act] and contains a provision that would be ineffective under Section 106(c)
16 or (d)(2) if contained in the partnership agreement, the provision is ineffective in the record.

17 (d) Subject to subsection (c), if a record delivered by a partnership to the [Secretary of
18 State] for filing becomes effective under this [act] and conflicts with a provision of the
19 partnership agreement:

20 (1) the agreement prevails as to partners, persons dissociated as partners, and
21 transferees; and

22 (2) the record prevails as to other persons to the extent they reasonably rely on
23 the record.

1 **~~SECTION 105. EXECUTION, FILING, AND RECORDING OF STATEMENTS.~~**

2 ~~(a) A statement may be filed in the office of [the Secretary of State]. A certified copy of~~
3 ~~a statement that is filed in an office in another State may be filed in the office of [the Secretary of~~
4 ~~State]. Either filing has the effect provided in this [Act] with respect to partnership property~~
5 ~~located in or transactions that occur in this State.~~

6 ~~(b) A certified copy of a statement that has been filed in the office of the [Secretary of~~
7 ~~State] and recorded in the office for recording transfers of real property has the effect provided~~
8 ~~for recorded statements in this [Act]. A recorded statement that is not a certified copy of a~~
9 ~~statement filed in the office of the [Secretary of State] does not have the effect provided for~~
10 ~~recorded statements in this [Act].~~

11 ~~(c) A statement filed by a partnership must be executed by at least two partners. Other~~
12 ~~statements must be executed by a partner or other person authorized by this [Act]. An individual~~
13 ~~who executes a statement as, or on behalf of, a partner or other person named as a partner in a~~
14 ~~statement shall personally declare under penalty of perjury that the contents of the statement are~~
15 ~~accurate.~~

16 ~~(d) A person authorized by this [Act] to file a statement may amend or cancel the~~
17 ~~statement by filing an amendment or cancellation that names the partnership, identifies the~~
18 ~~statement, and states the substance of the amendment or cancellation.~~

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

23 ~~(f) The [Secretary of State] may collect a fee for filing or providing a certified copy of a~~
24 ~~statement. The [officer responsible for recording transfers of real property] may collect a fee for~~

1 recording a statement.

2 **~~SECTION 107. PARTNERSHIP SUBJECT TO AMENDMENT OR REPEAL OF~~**

3 ~~[ACT]. A partnership governed by this [Act] is subject to any amendment to or repeal of this~~
4 ~~[Act].~~

5 **SECTION 109. DELIVERY OF RECORD.**

6 (a) Except as otherwise provided in this [act], permissible means of delivery of a record
7 include delivery by hand, the United States Postal Service, commercial delivery service, and
8 electronic transmission.

9 (b) Delivery to the [Secretary of State] is effective only when a record is received by the
10 [Secretary of State].

11 **SECTION 110. SIGNING OF RECORDS TO BE DELIVERED FOR FILING TO**
12 **[SECRETARY OF STATE].**

13 (a) A record delivered to the [Secretary of State] for filing pursuant to this [act] must be
14 signed as follows:

15 (1) Except as otherwise provided in paragraphs (2) and (3), a record signed by a
16 partnership must be signed by a person authorized by the partnership.

17 (2) A record filed on behalf of a dissolved partnership that has no partner must be
18 signed by the person winding up the partnership's business under Section 802(c) or a person
19 appointed under Section 802(d) to wind up the business.

20 (3) A statement of denial by a person under Section 304 must be signed by that
21 person.

22 (4) Any other record delivered on behalf of a person to the [Secretary of State]
23 for filing must be signed by that person.

24 (b) Any record filed under this [act] may be signed by an agent. Whenever this [act]

requires a particular individual to sign a record and the individual is deceased or incompetent,
the record may be signed by a legal representative of the individual.

(c) A person that signs a record as an agent or legal representative thereby affirms as a
fact that the person is authorized to sign the record.

SECTION 111. SIGNING AND FILING PURSUANT TO JUDICIAL ORDER.

(a) If a person required by this [act] to sign a record or deliver a record to the [Secretary
of State] for filing under this [act] does not do so, any other person that is aggrieved may
petition [the appropriate court] to order:

(1) the person to sign the record;

(2) the person to deliver the record to the [Secretary of State] for filing; or

(3) the [Secretary of State] to file the record unsigned.

(b) If a petitioner under subsection (a) is not the partnership or foreign limited liability
partnership to which the record pertains, the petitioner shall make the partnership a party to the
action.

(c) A record filed under subsection (a)(3) is effective without being signed.

SECTION 112. FILING REQUIREMENTS.

(a) To be filed by the [Secretary of State] pursuant to this [act], a record must be received
by the [Secretary of State], comply with this [act], and satisfy the following:

(1) The filing of the record must be required or permitted by this [act].

(2) The record must be physically delivered in written form unless and to the
extent the [Secretary of State] permits electronic delivery of records.

(3) The words in the record must be in English, and numbers must be in Arabic or
Roman numerals, but the name of an entity need not be in English if written in English letters or
Arabic or Roman numerals.

1 (4) The record must be signed by a person authorized or required under this [act]
2 to sign the record.

3 (5) The record must state the name and capacity, if any, of each individual who
4 signed it, either on the individual's behalf or on behalf of a person authorized or required to sign
5 the record, but need not contain a seal, attestation, acknowledgment, or verification.

6 (b) If law other than this [act] prohibits the disclosure by the [Secretary of State] of
7 information contained in a record delivered to the [Secretary of State] for filing, the [Secretary of
8 State] shall accept the record if the record otherwise complies with this [act] but may redact the
9 information.

10 (c) When a record is delivered to the [Secretary of State] for filing, any fee required
11 under this [act] and any fee, tax, interest, or penalty required to be paid under this [act] or law
12 other than this [act] must be paid in a manner permitted by the [Secretary of State] or by that law.

13 (d) The [Secretary of State] may require that a record delivered in written form be
14 accompanied by an identical or conformed copy.

15 **SECTION 113. EFFECTIVE TIME AND DATE.** Except as otherwise provided in
16 Section 114 and subject to Section 115(c), a record filed under this [act] is effective:

17 (1) on the date and at the time of its filing by the [Secretary of State], as provided in
18 Section 116;

19 (2) on the date of filing and at the time specified in the record as its effective time, if later
20 than the time under paragraph (1);

21 (3) at a specified delayed effective time and date, which may not be more than 90 days
22 after the date of filing; or

23 (4) if a delayed effective date is specified, but no time is specified, at 12:01 a.m. on the
24 date specified, which may not be more than 90 days after the date of filing.

1 **SECTION 114. WITHDRAWAL OF FILED RECORD BEFORE**
2 **EFFECTIVENESS.**

3 (a) Except as otherwise provided in [Article] 9, a record delivered to the [Secretary of
4 State] for filing may be withdrawn before it takes effect by delivering to the [Secretary of State]
5 for filing a statement of withdrawal.

6 (b) A statement of withdrawal must:

7 (1) be signed by each person that signed the record being withdrawn, except as
8 otherwise agreed by those persons;

9 (2) identify the record to be withdrawn; and

10 (3) if signed by fewer than all the persons that signed the record being withdrawn,
11 state that the record is withdrawn in accordance with the agreement of all the persons that signed
12 the record.

13 (c) On filing by the [Secretary of State] of a statement of withdrawal, the action or
14 transaction evidenced by the original record does not take effect.

15 **SECTION 115. CORRECTING FILED RECORD.**

16 (a) A person on whose behalf a filed record was delivered to the [Secretary of State] for
17 filing may correct the record if:

18 (1) the record at the time of filing was inaccurate;

19 (2) the record was defectively signed; or

20 (3) the electronic transmission of the record to the [Secretary of State] was
21 defective.

22 (b) To correct a filed record, a person on whose behalf the record was delivered to the
23 [Secretary of State] must deliver to the [Secretary of State] for filing a statement of correction.

24 (c) A statement of correction:

1 (1) may not state a delayed effective date;

2 (2) must be signed by the person correcting the filed record;

3 (3) must identify the filed record to be corrected;

4 (4) must specify the inaccuracy or defect to be corrected; and

5 (5) must correct the inaccuracy or defect.

6 (d) A statement of correction is effective as of the effective date of the filed record that it
7 corrects except for purposes of Section 103(d) and as to persons relying on the uncorrected filed
8 record and adversely affected by the correction. For those purposes and as to those persons, the
9 statement of correction is effective when filed.

10 **SECTION 116. DUTY OF [SECRETARY OF STATE] TO FILE; REVIEW OF**
11 **REFUSAL TO FILE; TRANSMISSION OF INFORMATION BY [SECRETARY OF**
12 **STATE].**

13 (a) The [Secretary of State] shall file a record delivered to the [Secretary of State] for
14 filing which satisfies this [act]. The duty of the [Secretary of State] under this section is
15 ministerial.

16 (b) When the [Secretary of State] files a record, the [Secretary of State] shall record it as
17 filed on the date and at the time of its delivery. After filing a record, the [Secretary of State] shall
18 deliver to the person that submitted the record a copy of the record with an acknowledgment of
19 the date and time of filing and, in the case of a statement of denial, also to the partnership to
20 which the statement pertains.

21 (c) If the [Secretary of State] refuses to file a record, the [Secretary of State], not later
22 than [15] business days after the record is delivered, shall:

23 (1) return the record or notify the person that submitted the record of the refusal;
24 and

1 (2) provide a brief explanation in a record of the reason for the refusal.

2 (d) If the [Secretary of State] refuses to file a record, the person that submitted the record
3 may petition [the appropriate court] to compel filing of the record. The record and the
4 explanation of the [Secretary of State] of the refusal to file must be attached to the petition. The
5 court may decide the matter in a summary proceeding.

6 (e) The filing of or refusal to file a record does not create a presumption that the
7 information contained in the record is correct or incorrect.

8 (f) Except as otherwise provided by Section 1007 or by law other than this [act], the
9 [Secretary of State] may deliver any record to a person by delivering it:

10 (1) in person to the person that submitted it;

11 (2) to the address of the person's registered agent;

12 (3) to the principal office of the person; or

13 (4) to another address the person provides to the [Secretary of State] for delivery.

14 **SECTION 117. LIABILITY FOR INACCURATE INFORMATION IN FILED**
15 **RECORD.**

16 (a) If a record delivered to the [Secretary of State] for filing under this [act] and filed by
17 the [Secretary of State] contains inaccurate information, a person that suffers loss by reliance on
18 the information may recover damages for the loss from:

19 (1) a person that signed the record, or caused another to sign it on the person's
20 behalf, and knew the information to be inaccurate at the time the record was signed; and

21 (2) a partner, if:

22 (A) the record was delivered for filing on behalf of the partnership; and

23 (B) the partner had notice of the inaccuracy for a reasonably sufficient
24 time before the information was relied upon so that, before the reliance, the partner reasonably

1 could have:

2 (i) effected an amendment under Section 1001(f);

3 (ii) filed a petition under Section 111; or

4 (iii) delivered to the [Secretary of State] for filing a statement of
5 change under Section 1004 or a statement of correction under Section 115.

6 (b) An individual who signs a record authorized or required to be filed under this [act]
7 affirms under penalty of perjury that the information stated in the record is accurate.

8 **SECTION 118. RESERVATION OF POWER TO AMEND OR REPEAL.** The
9 [legislature of this state] has power to amend or repeal all or part of this [act] at any time, and all
10 domestic and foreign limited liability partnerships subject to this [act] are governed by the
11 amendment or repeal.

12 [ARTICLE] 2

13 NATURE OF PARTNERSHIP

14 SECTION 201. PARTNERSHIP AS ENTITY.

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

16 (b) A ~~limited liability~~ partnership ~~continues to be~~ is the same entity ~~that existed before the~~
17 ~~filing of~~ regardless of whether the partnership has a statement of qualification in effect under
18 Section 1001.

19 SECTION 202. FORMATION OF PARTNERSHIP.

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

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

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

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

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

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

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

11 ~~(ii)~~ (B) for services as an independent contractor or of wages or other
12 compensation to an employee;

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

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

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

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

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

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

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

1 (1) the partnership; or

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

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

6 (1) the partnership in its name; or

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

9 (c) Property is presumed to be partnership property if purchased with partnership assets,
10 even if not acquired in the name of the partnership or of one or more partners with an indication
11 in the instrument transferring title to the property of the person's capacity as a partner or of the
12 existence of a partnership.

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

17 **[ARTICLE] 3**

18 **RELATIONS OF PARTNERS TO**

19 **PERSONS DEALING WITH PARTNERSHIP**

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

22 (1) Each partner is an agent of the partnership for the purpose of its business. An act of a
23 partner, including the ~~execution~~ signing of an instrument in the partnership name, for apparently
24 carrying on in the ordinary course the partnership business or business of the kind carried on by

1 the partnership binds the partnership, unless the partner ~~had no~~ did not have authority to act for
2 the partnership in the particular matter and the person with ~~whom~~ which the partner was dealing
3 knew, or had ~~received a notification~~ notice, that the partner lacked authority.

4 (2) An act of a partner which is not apparently for carrying on in the ordinary course the
5 ~~partnership~~ partnership's business or business of the kind carried on by the partnership binds the
6 partnership only if the act was actually authorized by all the other partners.

7 **SECTION 302. TRANSFER OF PARTNERSHIP PROPERTY.**

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

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

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

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

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

23 (1) as to a subsequent transferee who gave value for property transferred under
24 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) must include:

~~(i)~~ (A) the name of the partnership; and

~~(ii)~~ (B) IF THE PARTNERSHIP IS NOT A LIMITED LIABILITY PARTNERSHIP, the street address AND MAILING ADDRESSES of its CHIEF EXECUTIVE PRINCIPAL office AND OF ONE OFFICE IN THIS STATE, IF THERE IS ONE.

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

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

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

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

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

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

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

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

1 ~~the previous grant of authority.~~

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

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

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

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

14 (A) execute an instrument transferring real property held in the name of
15 the partnership; or

16 (B) enter into other transactions on behalf of, or otherwise act for or
17 bind, the partnership; and

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

19 (A) execute an instrument transferring real property held in the name of
20 the partnership; or

21 (B) enter into other transactions on behalf of, or otherwise act for or bind,
22 the partnership.

23 (b) To amend or cancel a statement of authority filed by the [Secretary of State], a
24 partnership must deliver to the [Secretary of State] for filing an amendment or cancellation

1 stating:

2 (1) the name of the partnership;

3 (2) the street and mailing addresses of the partnership's principal office;

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

5 (4) the contents of the amendment or a declaration that the statement is cancelled.

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

8 (d) Subject to subsection (c) and Section 103(d)(1), and except as otherwise provided in
9 subsections (f), (g), and (h), a limitation on the authority of a person or a position contained in
10 an effective statement of authority is not by itself evidence any person's knowledge or notice of
11 the limitation.

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

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

16 (2) the statement has been canceled or restrictively amended under subsection

17 (b); or

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

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

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

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

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

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

15 (i) After a statement of dissolution becomes effective, a partnership may deliver to the
16 [Secretary of State] for filing and, if appropriate, may record a statement of authority that is
17 designated as a post-dissolution statement of authority. The statement operates as provided in
18 subsections (f) and (g).

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

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

24 **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.~~

SECTION 305. PARTNERSHIP LIABLE FOR PARTNER'S ACTIONABLE CONDUCT.

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

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

SECTION 306. PARTNER'S LIABILITY.

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

(b) A person ~~admitted as~~ that becomes a partner ~~into an existing partnership~~ is not

1 personally liable for ~~any partnership~~ a debt, obligation, or other liability of the partnership
2 incurred before the ~~person's admission as~~ person became a partner.

3 (c) ~~An~~ A debt, obligation, or other liability of a partnership incurred while the partnership
4 is a limited liability partnership, ~~whether arising in contract, tort, or otherwise,~~ is solely the debt,
5 obligation, or other liability of the limited liability partnership. A partner is not personally liable,
6 directly or indirectly, by way of contribution or otherwise, for ~~such an~~ a debt, obligation, or
7 other liability of the limited liability partnership solely by reason of being or ~~so~~ acting as a
8 partner. This subsection applies:

9 (1) ~~notwithstanding~~ despite anything inconsistent in the partnership agreement
10 that existed immediately before the ~~vote~~ consent required to become a limited liability
11 partnership under Section 1001(b); and

12 (2) regardless of the dissolution of the limited liability partnership.

13 (d) The failure of a limited liability partnership to observe any formalities relating to the
14 exercise of its powers or management of its business is not a ground for imposing liability on any
15 partner of the partnership for any debt, obligation, or other liability of the partnership.

16 (e) The cancellation or administrative revocation of a limited liability partnership's
17 statement of qualification does not affect this section's limitation on the liability of a partner for
18 a debt, obligation, or other liability of the partnership incurred while the statement was in effect.

19 **SECTION 307. ACTIONS BY AND AGAINST PARTNERSHIP AND**
20 **PARTNERS.**

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

22 (b) ~~An action may be brought against the partnership and, to~~ To the extent not
23 inconsistent with Section 306, ~~any or all of the partners~~ a partner may be joined in an action
24 against the partnership or named in a separate action ~~in the same action or in separate actions.~~

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

4 (d) A judgment creditor of a partner may not levy execution against the assets of the
5 partner to satisfy a judgment based on a claim against the partnership unless the partner is
6 personally liable for the claim under Section 306 and:

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

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

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

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

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

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

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

21 (a) If a person, by words or conduct, purports to be a partner, or consents to being
22 represented by another as a partner, in a partnership or with one or more persons not partners, the
23 purported partner is liable to a person to whom the representation is made, if that person, relying
24 on the representation, enters into a transaction with the actual or purported partnership. If the

1 representation, either by the purported partner or by a person with the purported partner's
2 consent, is made in a public manner, the purported partner is liable to a person who relies upon
3 the purported partnership even if the purported partner is not aware of being held out as a partner
4 to the claimant. If partnership liability results, the purported partner is liable with respect to that
5 liability as if the purported partner were a partner. If no partnership liability results, the purported
6 partner is liable with respect to that liability jointly and severally with any other person
7 consenting to the representation.

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

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

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

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

1 [ARTICLE] 4

2 RELATIONS OF PARTNERS TO EACH OTHER

3 AND TO PARTNERSHIP

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~~
11 ~~the partner's share of the partnership losses.~~

12 (b) Each partner is entitled to an equal share of the partnership profits and, EXCEPT IN THE
13 CASE OF A LIMITED LIABILITY PARTNERSHIP, is chargeable with a share of the partnership losses in
14 proportion to the partner's share of the profits.

15 (c) (b) A partnership shall reimburse a partner for ~~payments~~ any payment made ~~and~~
16 ~~indemnify a partner for liabilities incurred~~ by the partner in the ~~ordinary~~ course of the partner's
17 business on behalf of the partnership ~~or for the preservation of its business or property, if the~~
18 partner complied with this section and Sections 406 and 409 in making the payment.

19 (c) A partnership shall indemnify and hold harmless a person with respect to any claim
20 or demand against the person and any debt, obligation, or other liability incurred by the person
21 by reason of the person's former or present capacity as partner, if the claim, demand, debt,
22 obligation, or other liability does not arise from the person's breach of this section or Section
23 406 or 409.

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

6 (e) A partnership may purchase and maintain insurance on behalf of a partner against
7 liability asserted against or incurred by the partner in that capacity or arising from that status
8 even if, under Section 103(c)(7), the partnership agreement could not eliminate or limit the
9 person's liability to the partnership for the conduct giving rise to the liability.

10 ~~(d)~~ (f) A partnership shall reimburse a partner for an advance to the partnership beyond
11 the amount of capital the partner agreed to contribute.

12 ~~(e)~~ (g) A payment or advance made by a partner which gives rise to a partnership
13 obligation under subsection ~~(e)~~ (b) or ~~(d)~~ (f) constitutes a loan to the partnership which accrues
14 interest from the date of the payment or advance.

15 ~~(f)~~ (h) Each partner has equal rights in the management and conduct of the ~~partnership~~
16 partnership's business.

17 ~~(g)~~ (i) A partner may use or possess partnership property only on behalf of the
18 partnership.

19 ~~(h)~~ (j) A partner is not entitled to remuneration for services performed for the partnership,
20 except for reasonable compensation for services rendered in winding up the business of the
21 partnership.

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

23 ~~(j)~~ (k) A difference arising as to a matter in the ordinary course of business of a
24 partnership may be decided by a majority of the partners. An act outside the ordinary course of

business of a partnership, ~~and~~ an amendment to the partnership agreement, and the approval of a transaction under [Article] 9 may be undertaken only with the consent of all ~~of~~ the partners.

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

SECTION 402. BECOMING PARTNER.

(a) Upon formation of a partnership, a person becomes a partner under Section 202(a).

(b) After formation of a partnership, a person becomes a partner:

(1) as provided in the partnership agreement;

(2) as a result of a transaction effective under [Article] 9; or

(3) with the consent of all the partners.

(c) A person may become a partner without either:

(1) acquiring a transferable interest; or

(2) making or being obligated to make a contribution to the partnership.

SECTION 403. FORM OF CONTRIBUTION. A contribution may consist of property transferred, services performed, or other benefit provided to the partnership or an agreement to transfer property, perform services, or provide another benefit.

SECTION 404. 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.

(b) If a person does not fulfill an obligation to make a contribution, the person is obligated at the option of the partnership to contribute money equal to the value of the part of the contribution which has not been made.

(c) The obligation of a person to make a contribution may be compromised only by consent of all partners. If a creditor of a limited liability partnership extends credit or otherwise

acts in reliance on an obligation described in subsection (a), without notice of a compromise under this subsection, the creditor may enforce the obligation.

SECTION 402 405. DISTRIBUTIONS IN KIND SHARING OF AND RIGHT TO DISTRIBUTIONS BEFORE DISSOLUTION. *A partner has no right to receive, and may not be required to accept, a distribution in kind.*

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

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

(c) A person does not have a right to demand or receive a distribution from a partnership in any form other than money. Except as otherwise provided in Section 808, a partnership may distribute an asset in kind only if each part of the asset is fungible with each other part and each person receives a percentage of the asset equal in value to the person's share of distributions.

(d) If a partner or transferee becomes entitled to receive a distribution, the partner or transferee has the status of, and is entitled to all remedies available to, a creditor of the partnership with respect to the distribution. However, the partnership's obligation to make a distribution is subject to offset for any amount owed to the partnership by the partner or a person dissociated as partner on whose account the distribution is made.

SECTION 406. LIMITATIONS ON DISTRIBUTIONS BY LIMITED LIABILITY PARTNERSHIP.

(a) A limited liability partnership may not make a distribution, including a distribution under Section 808, if after the distribution:

(1) the limited liability partnership would not be able to pay its debts as they

1 become due in the ordinary course of the partnership's business; or

2 (2) the limited liability partnership's total assets would be less than the sum of its
3 total liabilities plus, unless the partnership agreement permits otherwise, the amount that would
4 be needed, if the partnership were to be dissolved and wound up at the time of the distribution, to
5 satisfy the preferential rights upon dissolution and winding up of partners and transferees whose
6 preferential rights are superior to the right to receive distributions of the persons receiving the
7 distribution.

8 (b) A limited liability partnership may base a determination that a distribution is not
9 prohibited under subsection (a) on:

10 (1) financial statements prepared on the basis of accounting practices and
11 principles that are reasonable in the circumstances; or

12 (2) a fair valuation or other method that is reasonable under the circumstances.

13 (c) Except as otherwise provided in subsection (e), the effect of a distribution under
14 subsection (a) is measured:

15 (1) in the case of a distribution as defined in Section 102(4)(A), as of the earlier
16 of the date:

17 (A) money or other property is transferred or debt is incurred by the
18 limited liability partnership; or

19 (B) the person entitled to the distribution ceases to own the interest or
20 rights being acquired by the limited liability partnership in return for the distribution;

21 (2) in the case of any other distribution of indebtedness, as of the date the
22 indebtedness is distributed; and

23 (3) in all other cases, as of the date:

1 (A) the distribution is authorized, if the payment occurs not later than 120
2 days after that date; or

3 (B) the payment is made, if the payment occurs more than 120 days after
4 the distribution is authorized.

5 (d) A limited liability partnership's indebtedness to a partner or transferee incurred by
6 reason of a distribution made in accordance with this section is at parity with the limited liability
7 company's indebtedness to its general, unsecured creditors, except to the extent subordinated by
8 agreement.

9 (e) A limited liability partnership's indebtedness, including indebtedness issued as a
10 distribution, is not a liability for purposes of subsection (a) if the terms of the indebtedness
11 provide that payment of principal and interest is made only if and to the extent that a payment of
12 a distribution could then be made under this section. If the indebtedness is issued as a
13 distribution, each payment of principal or interest is treated as a distribution, the effect of which
14 is measured on the date the payment is made.

15 (f) In measuring the effect of a distribution under Section 808, the debts and liabilities of
16 a dissolved limited liability partnership do not include any claim that has been disposed of under
17 Sections 809, 810, and 811.

18 **SECTION 407. LIABILITY FOR IMPROPER DISTRIBUTIONS BY A LIMITED**
19 **LIABILITY PARTNERSHIP.**

20 (a) If a partner of a limited liability partnership consents to a distribution made in
21 violation of Section 406 and in consenting to the distribution fails to comply with Section 409,
22 the partner is personally liable to the partnership for the amount of the distribution which
23 exceeds the amount that could have been distributed without the violation of Section 406.

24 (b) A person that receives a distribution knowing that the distribution violated of

1 Section 406 is personally liable to the limited liability partnership but only to the extent that
2 the distribution received by the person exceeded the amount that could have been properly
3 paid under Section 406.

4 (c) A person against which an action is commenced because the person is liable under
5 subsection (a) may:

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

8 (2) implead any person that received a distribution in violation of subsection (b)
9 and seek to enforce a right of contribution from the person in the amount the person received in
10 violation of subsection (b).

11 (d) An action under this section is barred if not commenced not later than two years after
12 the distribution.

13 **SECTION 403 408. PARTNER'S RIGHTS OF PARTNERS AND DUTIES WITH**
14 **RESPECT PERSON DISSOCIATED AS PARTNER TO INFORMATION.**

15 (a) A partnership shall keep its books and records, if any, at its ~~chief executive~~ principal
16 office.

17 ~~(b) A partnership shall provide partners and their agents and attorneys access to its~~
18 ~~books and records. It shall provide former partners and their agents and attorneys access to~~
19 ~~books and records pertaining to the period during which they were partners. The right of access~~
20 ~~provides the opportunity to inspect and copy books and records during ordinary business hours.~~
21 ~~A partnership may impose a reasonable charge, covering the costs of labor and material, for~~
22 ~~copies of documents furnished.~~

23 ~~(c) Each partner and the partnership shall furnish to a partner, and to the legal~~
24 ~~representative of a deceased partner or partner under legal disability:~~

1 ~~(1) without demand, any information concerning the partnership's business and~~
2 ~~affairs reasonably required for the proper exercise of the partner's rights and duties under the~~
3 ~~partnership agreement or this [Act]; and~~

4 ~~(2) on demand, any other information concerning the partnership's business and~~
5 ~~affairs, except to the extent the demand or the information demanded is unreasonable or~~
6 ~~otherwise improper under the circumstances.~~

7 (b) On reasonable notice, a partner may inspect and copy during regular business hours,
8 at a reasonable location specified by the partnership, any record maintained by the partnership
9 regarding the partnership's business, financial condition, and other circumstances, to the extent
10 the information is material to the partner's rights and duties under the partnership agreement
11 or this [act].

12 (c) The partnership shall furnish to each partner:

13 (1) without demand, any information concerning the partnership's business,
14 financial condition, and other circumstances which the partnership knows and is material to the
15 proper exercise of the partner's rights and duties under the partnership agreement or this [act],
16 except to the extent the partnership can establish that it reasonably believes the member already
17 knows the information; and

18 (2) on demand, any other information concerning the partnership's business,
19 financial condition, and other circumstances, except to the extent the demand or information
20 demand is unreasonable or otherwise improper under the circumstances.

21 (d) The duty to furnish information under subsection (c) also applies to each partner to
22 the extent the partner knows any of the information described in subsection (c).

23 (e) Subjection to subsection (j), on 10 days' demand made in a record received by a
24 partnership, a person dissociated as a partner may have access to information to which the

1 person was entitled while a partner if:

2 (1) the information pertains to the period during which the person was a partner;

3 (2) the person seeks the information in good faith; and

4 (3) the person satisfies the requirements imposed on a partner by subsection (b).

5 (f) Not later than 10 days after receiving a demand under subsection (e), the partnership
6 in a record shall inform the person that made the demand:

7 (1) of the information that the partnership will provide in response to the demand
8 and when and where the partnership will provide the information; and

9 (2) if the partnership declines to provide any demanded information, the
10 partnership's reasons for declining.

11 (g) A partnership may charge a person that makes a demand under this section the
12 reasonable costs of copying, limited to the costs of labor and material.

13 (h) A partner or person dissociated as a partner may exercise rights under this section
14 through an agent or, in the case of an individual under legal disability, a legal representative.

15 Any restriction or condition imposed by the partnership agreement or under subsection (j)
16 applies both to the agent or legal representative and the partner or person dissociated as a
17 partner.

18 (i) The rights under this section do not extend to a person as transferee.

19 (j) In addition to any restriction or condition stated in the partnership agreement, a
20 partnership, as a matter within the ordinary course of its business, may impose reasonable
21 restrictions and conditions on access to and use of information to be furnished under this
22 section, including designating information confidential and imposing nondisclosure and
23 safeguarding obligations on the recipient. In a dispute concerning the reasonableness of a
24 restriction under this subsection, the partnership has the burden of proving reasonableness.

1 **SECTION 404 ~~409~~. GENERAL STANDARDS OF ~~PARTNER'S~~ CONDUCT FOR**
2 **PARTNERS.**

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

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

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

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

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

13 (C) ~~including from~~ the appropriation of a partnership opportunity;

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

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

19 (c) ~~A partner's~~ The duty of care of a partner ~~to the partnership and the other partners~~ in
20 the conduct ~~and or~~ winding up of the partnership business is ~~limited to refraining~~ refrain from
21 engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation
22 of law.

23 (d) A partner shall discharge the duties ~~to the partnership and the other partners~~ and
24 obligations 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) A partner does not violate a duty or obligation under this ~~{Act}~~ [act] or under the partnership agreement ~~merely~~ solely because the partner's conduct furthers the partner's own interest.

(f) All the partners may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty.

(g) It is a defense to a claim under subsection (b)(2) and any comparable claim in equity or at common law that the transaction was fair to the partnership.

~~(f) (h) 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. If, as permitted by subsection (f) or the partnership agreement, a partner enters into a transaction with the partnership which otherwise would be prohibited by subsection (b)(2), the partner's rights and obligations arising from the transaction are the same as those of a person that is not a partner.~~

~~(g) 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.~~

SECTION 405 410. ACTIONS BY PARTNERSHIP AND PARTNERS.

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

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

~~(i) the partner's rights under Sections 401, 403, or 404;~~

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

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

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

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

11 **SECTION ~~406~~ 411. CONTINUATION OF PARTNERSHIP BEYOND DEFINITE**
12 **TERM OR PARTICULAR UNDERTAKING.**

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

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

20 **[ARTICLE] 5**

21 **TRANSFERABLE INTERESTS AND RIGHTS OF TRANSFEREES AND CREDITORS**
22 **OF PARTNER**

23 **SECTION 501. PARTNER NOT CO-OWNER OF PARTNERSHIP PROPERTY.**

24 A partner is not a co-owner of partnership property and has no interest in partnership property

1 which can be transferred, either voluntarily or involuntarily.

2 **SECTION 502. PARTNER'S NATURE OF TRANSFERABLE INTEREST ~~IN~~**

3 **~~PARTNERSHIP.~~** ~~The only transferable interest of a partner in the partnership is the partner's~~
4 ~~share of the profits and losses of the partnership and the partner's right to receive distributions.~~
5 ~~The~~ A transferable interest is personal property.

6 **SECTION 503. TRANSFER OF ~~PARTNER'S~~ TRANSFERABLE INTEREST.**

7 (a) A transfer, in whole or in part, of a ~~partner's~~ transferable interest ~~in the partnership~~:

8 (1) is permissible;

9 (2) does not by itself cause ~~the partner's~~ a person's dissociation or a dissolution
10 and winding up of the partnership business; and

11 (3) subject to Section 505, does not, ~~as against the other partners or the~~
12 ~~partnership~~, entitle the transferee to:

13 (A) during the continuance of the partnership, ~~to~~ participate in the
14 management or conduct of the ~~partnership~~ partnership's business; or

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

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

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

21 (2) ~~to receive upon the dissolution and winding up of the partnership business, in~~
22 ~~accordance with the transfer, the net amount otherwise distributable to the transferor; and~~ seek
23 under Section 801(6) a judicial determination that it is equitable to wind up the partnership
24 business.

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

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

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

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

(g) If a partner transfers a transferable interest to a person that becomes a partner with respect to the transferred interest, the transferee is liable for the partner's obligations under Sections 404 and 407 known to the transferee when the transferee becomes a partner.

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

(a) On application by a judgment creditor of a partner or ~~of a partner's~~ transferee, a court ~~having jurisdiction may charge the transferable interest of the judgment debtor to satisfy the judgment. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor in respect of the partnership and make all other orders, directions, accounts, and inquiries the judgment debtor might have made or which the circumstances of the case may require.~~ may enter a charging order against the transferable interest of the judgment debtor for the unsatisfied amount of the judgment. A charging order constitutes a lien on a

1 judgment debtor's transferable interest and requires the partnership to pay over to the person to
2 which the charging order was issued any distribution that otherwise would be paid to the
3 judgment debtor.

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

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

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

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

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

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

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

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

9 (g) This section provides the exclusive remedy by which a person seeking to enforce a
10 judgment against a partner or transferee may, in the capacity of judgment creditor, satisfy the
11 judgment from the judgment debtor's transferable interest.

12 **SECTION 505. POWER OF LEGAL REPRESENTATIVE OF DECEASED**

13 **PARTNER.** If a partner dies, the deceased partner's legal representative may exercise:

14 (1) the rights of a transferee provided in Section 503(c); and

15 (2) for purposes of settling the estate, the rights the deceased partner had under Section
16 408.

17 **[ARTICLE] 6**

18 **PARTNER'S DISSOCIATION**

19 **SECTION 601. EVENTS CAUSING PARTNER'S DISSOCIATION.** A ~~partner~~
20 ~~person~~ is dissociated as a partner from a partnership upon the occurrence of any of the following
21 events when:

22 (1) the ~~partnership's having~~ partnership has notice of the ~~partner's~~ person's express will
23 to withdraw as a partner, but, if the person specified a withdrawal date later than the date the
24 partnership had notice, or on a that later date specified by the partner;

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

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

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

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

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

(i) a transfer for security purposes; or

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

(iii) (C) ~~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;~~ the person is a corporation and:

(i) the partnership notifies the person that it will be expelled as a partner 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; and

(ii) not later than 90 days after the notification, the certificate of dissolution or the equivalent has not been revoked or the charter or right to conduct business has

1 not been reinstated; or

2 (iv) ~~(D) a partnership that is a partner~~ the person is an unincorporated entity that
3 has been dissolved and ~~its~~ whose business is being wound up;

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

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

9 (ii) (B) ~~the partner~~ has willfully or persistently committed, or is willfully and
10 persistently committing, a material breach of the partnership agreement or ~~of~~ a duty or obligation
11 ~~owed to the partnership or the other partners~~ under Section 404 409; or

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

15 (6) the ~~partner's~~ person:

16 (i) (A) ~~becoming~~ becomes a debtor in bankruptcy;

17 (ii) (B) ~~executing~~ executes an assignment for the benefit of creditors; or

18 (iii) (C) ~~seeking, consenting to, or acquiescing~~ seeks, consents to, or acquiesces in
19 the appointment of a trustee, receiver, or liquidator of ~~that partner~~ the person or of all or
20 substantially all of ~~that partner's~~ the person's property; ~~or~~

21 (iv) ~~failing, within 90 days after the appointment, to have vacated or stayed the~~
22 ~~appointment of a trustee, receiver, or liquidator of the partner or of all or substantially all of the~~
23 ~~partner's property obtained without the partner's consent or acquiescence, or failing within 90~~
24 ~~days after the expiration of a stay to have the appointment vacated;~~

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

(i) (A) the ~~partner's death~~ individual dies;

(ii) (B) ~~the appointment of~~ a guardian or general conservator for the ~~partner~~ individual is appointed; or

(iii) (C) a ~~judicial determination~~ court orders that the ~~partner~~ individual has otherwise become incapable of performing the ~~partner's~~ individual's duties as a partner under this [act] or the partnership agreement;

(8) in the case of a ~~partner~~ person that is a testamentary or inter vivos trust or is acting as a partner by virtue of being a trustee of such a trust, ~~distribution of~~ the trust's entire transferable interest in the partnership is distributed, ~~but not merely by reason of the substitution of a~~ successor trustee;

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

(10) ~~termination of a partner who~~ in the case of a person that is not an individual, ~~partnership~~ corporation, unincorporated entity, trust, or estate, the existence of the person terminates;

(11) the partnership participates in a merger under [Article] 9 and:

(A) the partnership is not the surviving entity; or

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

(12) the partnership participates in an interest exchange under [Article] 9 and, as a result of the interest exchange, the person ceases to be a partner;

(13) the partnership participates in a conversion under [Article] 9;

1 (14) the partnership participates in a domestication under [Article] 9 and, as a result of
2 the domestication, the person ceases to be a partner; or

3 (15) the partnership dissolves and completes winding up.

4 **SECTION 602. ~~PARTNER'S~~ POWER TO DISSOCIATE AS PARTNER;**
5 **WRONGFUL DISSOCIATION.**

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

8 (b) A ~~partner's~~ person's dissociation as a partner is wrongful only if the dissociation:

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

10 (2) in the case of a partnership for a definite term or particular undertaking,
11 occurs before the expiration of the term or the completion of the undertaking and:

12 (i) (A) the ~~partner~~ person withdraws by express will, unless the
13 withdrawal follows ~~within~~ not later than 90 days after another ~~partner's~~ person's dissociation by
14 death or otherwise under Section 601(6) through (10) or wrongful dissociation under this
15 subsection;

16 (ii) (B) the ~~partner~~ person is expelled by judicial ~~determination~~ order
17 under Section 601(5);

18 (iii) (C) the ~~partner~~ person is dissociated ~~by becoming a debtor in~~
19 ~~bankruptcy~~ under Section 601(6); or

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

24 (c) A ~~partner who~~ person that wrongfully dissociates is liable to the partnership and to

1 the other partners for damages caused by the dissociation. The liability is in addition to any ~~other~~
2 debt, obligation, or other liability of the partner to the partnership or ~~to~~ the other partners.

3 **SECTION 603. EFFECT OF *PARTNER'S* DISSOCIATION.**

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

6 (b) ~~Upon a partner's dissociation~~ If a person is dissociated:

7 (1) the ~~partner's~~ person's right to participate in the management and conduct of
8 the partnership business terminates, except as otherwise provided in Section ~~803~~ 802(c); and

9 (2) the ~~partner's duty of loyalty under Section 404(b)(3) terminates~~ person's
10 duties and obligations under Section 409:

11 (A) end with regard to matters arising and events occurring after the
12 person's dissociation; and

13 ~~(3) the partner's duty of loyalty under Section 404(b)(1) and (2) and duty~~
14 ~~of care under Section 404(c)~~ (B) continue only with regard to matters arising and events
15 occurring before the ~~partner's~~ person's dissociation, unless the partner participates in winding
16 up the partnership's business pursuant to Section ~~803~~ 802.

17 (c) A person's dissociation does not of itself discharge the person from a debt, obligation,
18 or other liability to the partnership or the other partners which the person incurred while a
19 partner.

20 **[ARTICLE] 7**

21 **PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP**

22 **SECTION 701. PURCHASE OF INTEREST OF PERSON DISSOCIATED**

23 **PARTNER'S INTEREST AS PARTNER.**

24 (a) If a person is dissociated as a partner ~~is dissociated from a partnership~~ without THE

1 DISSOCIATION resulting in a dissolution and winding up of the partnership business under Section
2 801, the partnership shall cause the ~~dissociated partner's~~ person's interest in the partnership to
3 be purchased for a buyout price determined pursuant to subsection (b).

4 (b) The buyout price of the interest of a person dissociated ~~as a partner~~ partner's interest
5 is the amount that would have been distributable to the ~~dissociating partner~~ person under Section
6 807(b) if, on the date of dissociation, the assets of the partnership were sold and the partnership
7 were wound up, with the sale at a price equal to the greater of:

8 (1) the liquidation value; or

9 (2) the value based on a sale of the entire business as a going concern without the
10 person dissociated partner and the partnership were wound up as of that date.

11 (c) Interest ~~MUST BE PAID~~ ACCRUES ON THE BUYOUT PRICE from the date of dissociation to
12 the date of payment, BUT DAMAGES ~~(C) DAMAGES~~ for wrongful dissociation under Section
13 602(b), and all other amounts owing, whether or not presently due, from the person dissociated
14 as a partner to the partnership, must be offset against the buyout price. Interest must be paid
15 from the date the amount owed becomes due to the date of payment.

16 (d) A partnership shall DEFEND, indemnify, AND HOLD HARMLESS a person dissociated as
17 a partner whose interest is being purchased against all partnership liabilities, whether incurred
18 before or after the dissociation, except liabilities incurred by an act of the person ~~dissociated~~
19 ~~partner~~ under Section 702.

20 (e) If no agreement for the purchase of the interest of a person dissociated as a partner
21 ~~partner's interest~~ is reached ~~within~~ not later than 120 days after a written demand for payment,
22 the partnership shall pay, or cause to be paid, in money to the person ~~dissociated partner~~ the
23 amount the partnership estimates to be the buyout price and accrued interest, reduced by any
24 offsets and accrued interest under subsection (c).

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

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

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

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

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

and

(4) written notice that the payment is in full satisfaction of the obligation to purchase unless, ~~within~~ not later than 120 days after the written notice, the person dissociated as a partner commences an action to determine the buyout price, any offsets under subsection (c), or other terms of the obligation to purchase.

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

(i) A person dissociated as a partner may maintain an action against the partnership, pursuant to Section 405(b)(2)(ii) ~~408(b)(2)(ii)~~, to determine the buyout price of that ~~partner's~~ person's interest, any offsets under subsection (c), or other terms of the obligation to purchase. The action must be commenced ~~within~~ not later than 120 days after the partnership has tendered

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

10 **SECTION 702. ~~DISSOCIATED PARTNER'S~~ POWER TO BIND AND LIABILITY**
11 **TO PARTNERSHIP OF PERSON DISSOCIATED AS PARTNER.**

12 (a) ~~For two years after a partner dissociates~~ After a person is dissociated as a partner
13 without the dissociation resulting in a dissolution and winding up of the partnership business;
14 and before the partnership, ~~including a surviving partnership is merged out of existence,~~
15 converted, or domesticated under [Article] 9 or dissolved, the partnership is bound by an act of
16 the person ~~dissociated partner which~~ only if:

17 (1) the act would have bound the partnership under Section 301 before
18 dissociation; and

19 (2) only if at the time ~~of entering~~ the other party enters into the transaction ~~the~~
20 ~~other party:~~

21 (A) less than two years has passed since the dissociation; and

22 (B) the other party does not know or have notice of the dissociation and

23 (1) reasonably believed believes that the person is a ~~dissociated~~ partner ~~was then~~
24 ~~a partner;~~

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

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

4 (b) ~~A~~ If a partnership is bound under subsection (a), the person dissociated as a partner
5 which caused the partnership to be bound is liable;

6 (1) to the partnership for any damage caused to the partnership arising from ~~an~~ the
7 obligation incurred by the dissociated partner after dissociation for which the partnership is
8 liable under subsection (a); and

9 (2) if a partner or another person dissociated as a partner is liable for the
10 obligation, to the partner or other person for any damage caused to the partner or other person
11 arising from the liability.

12 **SECTION 703. ~~DISSOCIATED PARTNER'S LIABILITY~~ OF PERSON**
13 **DISSOCIATED AS PARTNER TO OTHER PERSONS.**

14 (a) A ~~partner's~~ person's dissociation as a partner does not of itself discharge the
15 ~~partner's~~ person's liability as a partner for a ~~partnership debt~~, obligation, or other liability of
16 the partnership incurred before dissociation. ~~A dissociated partner is~~ Except as otherwise
17 provided in subsection (b), the person is not liable for a partnership obligation incurred after
18 dissociation, ~~except as otherwise provided in subsection (b).~~

19 (b) A ~~partner who dissociates~~ person that has dissociated as a partner without the
20 dissociation resulting in a dissolution and winding up of the partnership business is liable ~~as a~~
21 ~~partner to the other party in~~ on a transaction entered into by the partnership, ~~or a surviving~~
22 ~~partnership under [Article] 9, within two years after the partner's~~ after the dissociation, only if:

23 (1) the a partner is would be liable ~~for the obligation under Section 306 and at the~~
24 ~~time of entering into~~ on the transaction ~~the other party;~~ and

1 (2) at the time the other party enters into the transaction:

2 (A) less than two years has passed since the dissociation; and

3 (B) the other party does not have knowledge or notice of the dissociation

4 and

5 ~~(1)~~ reasonably ~~believed~~ believes that the ~~dissociated partner was then~~ person is a
6 partner.

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

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

14 **SECTION 704. STATEMENT OF DISSOCIATION.**

15 (a) A person dissociated as a partner or the partnership may file a statement of
16 dissociation stating the name of the partnership and that the partner is dissociated from the
17 partnership.

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

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

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

1 *person* dissociated *as a* partner liable for an obligation of the partners or the partnership
2 continuing the business.

3 [ARTICLE] 8

4 **DISSOLUTION AND WINDING UP PARTNERSHIP BUSINESS**

5 **SECTION 801. EVENTS CAUSING DISSOLUTION ~~AND WINDING UP OF~~**
6 **~~PARTNERSHIP BUSINESS~~**. A partnership is dissolved, and its business must be wound up,
7 only upon the occurrence of any of the following *events*:

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

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

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

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

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

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

1 ~~(4) an event that makes it unlawful for all or substantially all of the business of the~~
2 ~~partnership to be continued, but a cure of illegality within 90 days after notice to the partnership~~
3 ~~of the event is effective retroactively to the date of the event for purposes of this section;~~

4 ~~(5)~~ (4) on application by a partner, ~~a judicial determination~~ the entry by [the appropriate
5 court] of an order dissolving the partnership on the ground that:

6 (i) (A) the conduct of all or substantially all the partnership's business is
7 unlawful;

8 (B) the economic purpose of the partnership is likely to be unreasonably
9 frustrated;

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

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

15 ~~(6)~~ (5) on application by a transferee ~~of a partner's transferable interest, a judicial~~
16 ~~determination~~ , the entry by [the appropriate court] of an order dissolving the partnership on the
17 ground that it is equitable to wind up the partnership business:

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

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

23 (6) the passage of 90 consecutive days during which the partnership does not have at
24 least two partners.

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

3 (a) ~~Subject to subsection (b), a~~ A dissolved partnership shall wind up its business and,
4 except as otherwise provided in Section 803, the partnership continues after dissolution only for
5 the purpose of winding up ~~its business. The partnership is terminated when the winding up of its~~
6 ~~business is completed.~~

7 (b) In winding up its business, the partnership:

8 (1) shall discharge the partnership's debts, obligations, and other liabilities,
9 settle and close the partnership's business, and marshal and distribute the assets of the
10 partnership; and

11 (2) may:

12 (A) deliver to the [Secretary of State] for filing a statement of dissolution
13 stating the name of the partnership and that the partnership is dissolved;

14 (B) preserve the partnership business and property as a going concern for
15 a reasonable time;

16 (C) prosecute and defend actions and proceedings, whether civil, criminal,
17 or administrative;

18 (D) transfer the partnership's property;

19 (E) settle disputes by mediation or arbitration;

20 (F) deliver to the [Secretary of State] for filing a statement of termination
21 stating the name of the partnership and that the partnership is terminated; and

22 (G) perform other acts necessary or appropriate to the winding up.

23 ~~(2) shall discharge the limited partnership's liabilities, settle and close the limited~~
24 ~~partnership's activities, and marshal and distribute the assets of the partnership.~~

1 (c) A person whose dissociation as a partner resulted in dissolution may participate in
2 winding up as if still a partner, unless the dissociation was wrongful.

3 (d) If a dissolved partnership does not have a partner and no person has the right to
4 participate in winding up under subsection (c), the personal or legal representative of the last
5 person to have been a partner may wind up the partnership's business. If the representative
6 does not exercise that right, a person to wind up the partnership's business may be appointed
7 by the consent of transferees owning a majority of the rights to receive distributions at the time
8 the consent is to be effective. A person appointed under this subsection has the powers of a
9 partner under Section 804 but is not liable for the debts, obligations, and other liabilities of the
10 partnership solely by reason of having or exercising those powers or otherwise acting to wind up
11 the partnership's business.

12 (e) On the application of any partner or person entitled under subsection (c) to
13 participate in winding up, the [appropriate court] may order judicial supervision of the winding
14 up of a dissolved partnership, including the appointment of a person to wind up the partnership's
15 business, if:

16 (1) ~~the~~ the partnership does not have a partner and within a reasonable time
17 following the dissolution no person has been appointed under subsection (c); or

18 (2) the applicant establishes other good cause.

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

23 ~~(1) the partnership resumes carrying on its business as if dissolution had never~~
24 ~~occurred, and any liability incurred by the partnership or a partner after the dissolution and~~

~~before the waiver is determined as if dissolution had never occurred; and~~

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

SECTION 803. RESCINDING DISSOLUTION.

(a) A partnership may rescind its dissolution, unless a statement of termination applicable to the partnership is effective or [the appropriate court] has entered an order under Section 801(4) or (5) dissolving the partnership.

(b) Rescinding dissolution under this section requires:

(1) the consent of each partner;

(2) if a statement of dissolution applicable to the partnership has been filed by the [Secretary of State] but has not become effective, delivery to the [Secretary of State] for filing of a statement of withdrawal under Section 114 applicable to the statement of dissolution; and
(3) if a statement of dissolution applicable to the partnership is effective, the delivery to the [Secretary of State] for filing of a statement of correction under Section 115 stating that dissolution has been rescinded under this section.

(c) If a partnership rescinds its dissolution:

(1) the partnership resumes carrying on its business as if dissolution had never occurred;

(2) subject to paragraph (3), any liability incurred by the partnership after the dissolution and before the rescission is effective is determined as if dissolution had never occurred; and

(3) the rights of a third party arising out of conduct in reliance on the dissolution before the third party knew or had notice of the rescission may not be adversely affected.

1 **~~SECTION 803. RIGHT TO WIND UP PARTNERSHIP BUSINESS.~~**

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

6 ~~(b) The personal or legal representative of the last surviving partner may wind up a~~
7 ~~partnership's business.~~

8 ~~(c) A person winding up a partnership's business may preserve the partnership business~~
9 ~~or property as a going concern for a reasonable time, prosecute and defend actions and~~
10 ~~proceedings, whether civil, criminal, or administrative, settle and close the partnership's~~
11 ~~business, dispose of and transfer the partnership's property, discharge the partnership's~~
12 ~~liabilities, distribute the assets of the partnership pursuant to Section 807, settle disputes by~~
13 ~~mediation or arbitration, and perform other necessary acts.~~

14 **SECTION 804. PARTNER'S POWER TO BIND PARTNERSHIP AFTER**
15 **DISSOLUTION.**

16 ~~(a) Subject to Section 805, a~~ A partnership is bound by a partner's act after dissolution
17 ~~that~~ which:

18 (1) is appropriate for winding up the partnership business; or

19 (2) would have bound the partnership under Section 301 before dissolution, if, at
20 the time the other party ~~to~~ enters into the transaction, the other party ~~did~~ does not know or have
21 notice of the dissolution.

22 ~~(b) A person dissociated as a general partner binds a partnership through an act~~
23 occurring after dissolution if:

24 (1) at the time the other party enters into the transaction:

1 (A) less than two years has passed since the dissociation; and

2 (B) the other party does not have notice of the dissociation and reasonably

3 believes that the person is a partner; and

4 (2) the act:

5 (A) is appropriate for winding up the partnership's business; or

6 (B) would have bound the partnership under Section 301 before

7 dissolution and at the time the other party enters into the transaction the other party does not

8 know or have notice of the dissolution.

9 **SECTION 805. STATEMENT OF DISSOLUTION.**

10 ~~(a) After dissolution, a partner who has not wrongfully dissociated may file a statement~~
11 ~~of dissolution stating the name of the partnership and that the partnership has dissolved and is~~
12 ~~winding up its business.~~

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

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

18 ~~(d) After filing and, if appropriate, recording a statement of dissolution, a dissolved~~
19 ~~partnership may file and, if appropriate, record a statement of partnership authority which will~~
20 ~~operate with respect to a person not a partner as provided in Section 303(d) and (e) in any~~
21 ~~transaction, whether or not the transaction is appropriate for winding up the partnership~~
22 ~~business.~~

1 **SECTION ~~806~~ 805. PARTNER'S LIABILITY ~~TO OTHER PARTNERS~~ AFTER**
2 **DISSOLUTION.**

3 (a) ~~Except as otherwise provided in subsection (b) and Section 306, after dissolution a~~
4 ~~partner is liable to the other partners for the partner's share of any partnership liability incurred~~
5 ~~under Section 804 805(2).~~

6 ~~(b) A~~ If a partner ~~who, with~~ having knowledge of the dissolution, ~~incurs~~ causes a
7 partnership liability to incur an obligation under Section 804(2) 804(a) by an act that is not
8 appropriate for winding up the partnership business, the partner is liable:

9 (1) to the partnership for any damage caused to the partnership arising from the
10 liability obligation; and

11 (2) if another partner or person dissociated as a partner is liable for the
12 obligation, to that other partner or person for any damage caused to that other partner or
13 person arising from the liability.

14 (b) If a person dissociated as a partner causes a partnership to incur an obligation
15 under Section 804(b), the person is liable:

16 (1) to the partnership for any damage caused to the partnership arising from the
17 obligation; and

18 (2) if a partner or another person dissociated as a partner is liable for the
19 obligation, to the partner or other person for any damage caused to the partner or other person
20 arising from the obligation.

21 **SECTION ~~807~~ 806. SETTLEMENT OF ACCOUNTS AND CONTRIBUTIONS**
22 **~~AMONG PARTNERS~~ DISPOSITION OF ASSETS IN WINDING UP; WHEN**
23 **CONTRIBUTIONS REQUIRED.**

24 (a) In winding up a partnership's its business, ~~the assets of the~~ a partnership shall apply

1 its assets, including the contributions ~~of the partners~~ required by this section, ~~must be applied~~ to
2 discharge ~~its~~ the partnership's obligations to creditors, including, ~~to the extent permitted by law,~~
3 partners ~~who~~ that are creditors.

4 (b) After a partnership complies with subsection (a), Any any surplus must be ~~applied to~~
5 ~~pay in cash the net amount distributable to partners in accordance with their right to~~
6 ~~distributions under subsection (b)~~ distributed in the following order, subject to any charging
7 order in effect under Section 504:

8 (1) to each person owning a transferable interest that reflects contributions made
9 and not previously returned, an amount equal to the value of the unreturned contributions; and

10 (2) among partners in proportion to their respective rights to share in
11 distributions immediately before the dissolution of the partnership, except to the extent necessary
12 to comply with any transfer effective under Section 503.

13 (c) If a partnership's assets are insufficient to satisfy all its obligations under subsection
14 (a), with respect to each unsatisfied obligation incurred when the partnership was not a limited
15 liability partnership, the following rules apply:

16 (1) Each person that was a partner when the obligation was incurred and that has
17 not been released from the obligation under Section 703(c) and (d) shall contribute to the
18 partnership to enable the partnership to satisfy the obligation. The contribution due from each of
19 those persons is in proportion to the right to receive distributions in the capacity of partner in
20 effect for each of those persons when the obligation was incurred.

21 (2) If a person does not contribute the full amount required under paragraph (1)
22 with respect to an unsatisfied obligation of the partnership, the other persons required to
23 contribute by paragraph (1) on account of the obligation shall contribute the additional amount
24 necessary to discharge the obligation. The additional contribution due from each of those other

1 persons is in proportion to the right to receive distributions in the capacity of partner in effect
2 for each of those other persons when the obligation was incurred.

3 (3) If a person does not make the additional contribution required by paragraph
4 (2), further additional contributions are determined and due in the same manner as provided in
5 that paragraph.

6 (d) A person that makes an additional contribution under subsection (c)(2) or (3) may
7 recover from any person whose failure to contribute under subsection (c)(1) or (2) necessitated
8 the additional contribution. A person may not recover under this subsection more than the
9 amount additionally contributed. A person's liability under this subsection may not exceed the
10 amount the person failed to contribute.

11 (e) If a partnership does not have sufficient surplus to comply with subsection (b)(1), any
12 surplus must be distributed among the owners of transferable interests in proportion to the value
13 of the respective unreturned contributions.

14 (f) All distributions made under subsections (b) and (c) must be paid in money.

15 ~~(b) Each partner is entitled to a settlement of all partnership accounts upon winding up~~
16 ~~the partnership business. In settling accounts among the partners, profits and losses that result~~
17 ~~from the liquidation of the partnership assets must be credited and charged to the partners'~~
18 ~~accounts. The partnership shall make a distribution to a partner in an amount equal to any~~
19 ~~excess of the credits over the charges in the partner's account. A partner shall contribute to the~~
20 ~~partnership an amount equal to any excess of the charges over the credits in the partner's~~
21 ~~account but excluding from the calculation charges attributable to an obligation for which the~~
22 ~~partner is not personally liable under Section 306.~~

23 ~~(c) If a partner fails to contribute the full amount required under subsection (b), all of the~~
24 ~~other partners shall contribute, in the proportions in which those partners share partnership~~

1 ~~losses, the additional amount necessary to satisfy the partnership obligations for which they are~~
2 ~~personally liable under Section 306. A partner or partner's legal representative may recover~~
3 ~~from the other partners any contributions the partner makes to the extent the amount contributed~~
4 ~~exceeds that partner's share of the partnership obligations for which the partner is personally~~
5 ~~liable under Section 306.~~

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

10 ~~(e) The estate of a deceased partner is liable for the partner's obligation to contribute to~~
11 ~~the partnership.~~

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

15 **SECTION 807. KNOWN CLAIMS AGAINST DISSOLVED LIMITED LIABILITY**
16 **PARTNERSHIP.**

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

20 (b) A dissolved limited liability partnership may in a record notify its known claimants of
21 the dissolution. The notice must:

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

23 (2) state that a claim must be in writing and provide a mailing address to which
24 the claim is to be sent;

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

3 (4) state that the claim will be barred if not received by the deadline; and

4 (5) unless the partnership has been throughout its existence a limited liability
5 partnership, state that the barring of a claim against the partnership will also bar any
6 corresponding claim against any partner or person dissociated as a partner which is based on
7 Section 306.

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

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

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

12 (A) the partnership causes the claimant to receive a notice in a record
13 stating that the claim is rejected and will be barred unless the claimant commences an action
14 against the partnership to enforce the claim not later than 90 days after the claimant receives
15 the notice; and

16 (B) the claimant does not commence the required action not later than
17 90 days after the claimant receives the notice.

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

20 **SECTION 808. OTHER CLAIMS AGAINST DISSOLVED LIMITED LIABILITY**
21 **PARTNERSHIP.**

22 (a) A dissolved limited liability partnership may publish notice of its dissolution and
23 request persons having claims against the partnership to present them in accordance with the
24 notice.

1 (b) A notice under subsection (a) must:

2 (1) be published at least once in a newspaper of general circulation in the
3 [county] in this state in which the dissolved limited liability partnership's principal office is
4 located or, if the principal office is not located in this state, in the [county] in which the office of
5 the partnership's registered agent is or was last located;

6 (2) describe the information required to be contained in a claim, state that the
7 claim must be in writing, and provide a mailing address to which the claim is to be sent;

8 (3) state that a claim against the partnership is barred unless an action to enforce
9 the claim is commenced not later than three years after publication of the notice; and

10 (4) unless the partnership has been throughout its existence a limited liability
11 partnership, state that the barring of a claim against the partnership will also bar any
12 corresponding claim against any partner or person dissociated as a partner which is based on
13 Section 306.

14 (c) If a dissolved limited liability partnership publishes a notice in accordance with
15 subsection (b), the claim of each of the following claimants is barred unless the claimant
16 commences an action to enforce the claim against the partnership not later than three years
17 after the publication date of the notice:

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

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

20 and

21 (3) a claimant whose claim is contingent at, or based on an event occurring after,
22 the effective date of dissolution.

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

24 (1) against a dissolved limited liability partnership, to the extent of its

1 undistributed assets;

2 (2) except as otherwise provided in Section 809(d), if assets of the partnership
3 have been distributed after dissolution, against a partner or transferee to the extent of that
4 person's proportionate share of the claim or of the partnership's assets distributed to the partner
5 or transferee after dissolution, whichever is less, but a person's total liability for all claims
6 under this paragraph may not exceed the total amount of assets distributed to the person after
7 dissolution; and

8 (3) against any person liable on the claim under Sections 306, 703, and 805.

9 **SECTION 809. COURT PROCEEDINGS.**

10 (a) A dissolved limited liability partnership that has published a notice under Section 809
11 may file an application with [the appropriate court] in the [county] where the partnership's
12 principal office is located or, if the principal office is not located in this state, where the office of
13 its registered agent is located, for a determination of the amount and form of security to be
14 provided for payment of claims that are contingent, have not been made known to the
15 partnership, or are based on an event occurring after the effective date of dissolution but which,
16 based on the facts known to the dissolved partnership, are reasonably expected to arise after the
17 effective date of dissolution. Security is not required for any claim that is or is reasonably
18 anticipated to be barred under Section 807.

19 (b) Not later than 10 days after the filing of an application under subsection (a), the
20 dissolved limited liability partnership shall give notice of the proceeding to each claimant
21 holding a contingent claim known to the partnership.

22 (c) In any proceeding under this section, the court may appoint a guardian ad litem to
23 represent all claimants whose identities are unknown. The reasonable fees and expenses of the
24 guardian, including all reasonable expert witness fees, must be paid by the dissolved limited

1 liability partnership.

2 (d) A dissolved limited liability partnership that provides security in the amount and form
3 ordered by the court under subsection (a) satisfies the partnership's obligations with respect to
4 claims that are contingent, have not been made known to the partnership, or are based on an
5 event occurring after the effective date of dissolution, and the claims may not be enforced
6 against a partner or transferee who receives assets in liquidation.

7 (e) This section applies only to a debt, obligation, or liability incurred while a
8 partnership was a limited liability partnership.

9 **SECTION 810. LIABILITY OF PARTNER AND PERSON DISSOCIATED AS**
10 **PARTNER WHEN CLAIM AGAINST LIMITED LIABILITY PARTNERSHIP BARRED. If**
11 a claim against a dissolved limited liability partnership is barred under Section 807, 808, or 809,
12 any corresponding claim under Section 306, 703, or 805 is also barred.

13 [ARTICLE] 9

14 **CONVERSIONS AND MERGERS, MERGER, INTEREST EXCHANGE, CONVERSION**
15 **AND DOMESTICATION.**

16 **SECTION 901. DEFINITIONS.** In this [article]:

17 (1) "General partner" means a partner in a partnership and a general partner in a limited-
18 partnership.

19 (2) "Limited partner" means a limited partner in a limited partnership.

20 (3) "Limited partnership" means a limited partnership created under the [State Limited-
21 Partnership Act], predecessor law, or comparable law of another jurisdiction.

22 (4) "Partner" includes both a general partner and a limited partner.

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

~~(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~~

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

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

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

1 ~~Limited Partnership Act~~].

2 **~~SECTION 903. CONVERSION OF LIMITED PARTNERSHIP TO~~**
3 **~~PARTNERSHIP.~~**

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

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

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

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

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

15 **~~SECTION 904. EFFECT OF CONVERSION; ENTITY UNCHANGED.~~**

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

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

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

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

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

1 **~~SECTION 905. MERGER OF PARTNERSHIPS.~~**

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

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

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

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

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

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

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

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

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

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

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

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

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

2 ~~(1) the approval of the plan of merger by all parties to the merger, as provided in~~
3 ~~subsection (e);~~

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

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

7 **~~SECTION 906. EFFECT OF MERGER.~~**

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

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

11 ~~(2) all property owned by each of the merged partnerships or limited partnerships~~
12 ~~vests in the surviving entity;~~

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

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

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

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

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

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

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

8 ~~(d) If the obligations incurred before the merger by a party to the merger are not satisfied~~
9 ~~out of the property of the surviving partnership or limited partnership, the general partners of that~~
10 ~~party immediately before the effective date of the merger shall contribute the amount necessary~~
11 ~~to satisfy that party's obligations to the surviving entity, in the manner provided in Section 807~~
12 ~~or in the [Limited Partnership Act] of the jurisdiction in which the party was formed, as the case~~
13 ~~may be, as if the merged party were dissolved.~~

14 ~~(e) A partner of a party to a merger who does not become a partner of the surviving~~
15 ~~partnership or limited partnership is dissociated from the entity, of which that partner was a~~
16 ~~partner, as of the date the merger takes effect. The surviving entity shall cause the partner's~~
17 ~~interest in the entity to be purchased under Section 701 or another statute specifically applicable~~
18 ~~to that partner's interest with respect to a merger. The surviving entity is bound under Section~~
19 ~~702 by an act of a general partner dissociated under this subsection, and the partner is liable~~
20 ~~under Section 703 for transactions entered into by the surviving entity after the merger takes~~
21 ~~effect.~~

22 ~~**SECTION 907. STATEMENT OF MERGER.**~~

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

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

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

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

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

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

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

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

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

23 ~~**SECTION 908. NONEXCLUSIVE.** This [article] is not exclusive. Partnerships or~~
24 ~~limited partnerships may be converted or merged in any other manner provided by law.~~

1 **[PART] 1**

2 **GENERAL PROVISIONS**

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

4 (1) “Acquired entity” means the entity, all of one or more classes or series of interests in
5 which are acquired in an interest exchange.

6 (2) “Acquiring entity” means the entity that acquires all of one or more classes or series
7 of interests of the acquired entity in an interest exchange.

8 (3) “Conversion” means a transaction authorized by [Part] 4.

9 (4) “Converted entity” means the converting entity as it continues in existence after a
10 conversion.

11 (5) “Converting entity” means the domestic entity that approves a plan of conversion
12 pursuant to Section 943 or the foreign entity that approves a conversion pursuant to the law of its
13 jurisdiction of formation.

14 (6) “Distributional interest” means the right under an unincorporated entity’s organic law
15 and organic rules to receive distributions from the entity.

16 (7) “Domestic”, with respect to an entity, means governed as to its internal affairs by the
17 law of this state.

18 (8) “Domesticated limited liability partnership” means a domesticating limited liability
19 partnership as it continues in existence after a domestication.

20 (9) “Domesticating limited liability partnership” means a domestic limited liability
21 partnership that approves a plan of domestication pursuant to Section 953 or foreign limited
22 liability partnership that approves a domestication pursuant to the law of its jurisdiction of
23 formation.

24 (10) “Domestication” means a transaction authorized by [Part] 5.

1 (11) “Entity”:

2 (A) means:

3 (i) a business corporation;

4 (ii) a nonprofit corporation;

5 (iii) a general partnership, including a limited liability partnership;

6 (iv) a limited partnership, including a limited liability limited partnership;

7 (v) a limited liability company;

8 [(vi) a general cooperative association;]

9 (vii) a limited cooperative association;

10 (viii) an unincorporated nonprofit association;

11 (ix) a statutory trust, business trust, or common-law business trust; or

12 (x) any other person that has:

13 (I) a legal existence separate from any interest holder of that

14 person; or

15 (II) the power to acquire an interest in real property in its own

16 name; and

17 (B) does not include:

18 (i) an individual;

19 (ii) a testamentary or inter vivos trust with a predominantly donative
20 purpose, or a charitable trust;

21 (iii) an association or relationship that is not a partnership solely by reason
22 of [Section 202(c) of the Revised Uniform Partnership Act] [Section 7 of the Uniform
23 Partnership Act] or a similar provision of the law of another jurisdiction;

24 (iv) a decedent’s estate; [or]

1 (v) a government or a governmental subdivision, agency, or
2 instrumentality [; or]

3 [(vi) a person excluded under Section 1109].

4 (12) “Filing entity” means an entity whose formation requires the filing of a public
5 organic record.

6 (13) “Foreign”, with respect to an entity, means an entity governed as to its internal
7 affairs by the law of a jurisdiction other than this state.

8 (14) “Governance interest” means a right under the organic law or organic rules of an
9 unincorporated entity, other than as a governor, agent, assignee, or proxy, to:

10 (A) receive or demand access to information concerning, or the books and records
11 of, the entity;

12 (B) vote for the election of the governors of the entity; or

13 (C) receive notice of or vote on an issue involving the internal affairs of the entity.

14 (15) “Governor” means:

15 (A) a director of a business corporation;

16 (B) a director or trustee of a nonprofit corporation;

17 (C) a general partner of a general partnership;

18 (D) a general partner of a limited partnership;

19 (E) a manager of a manager-managed limited liability company;

20 (F) a member of a member-managed limited liability company;

21 [(G) a director of a general cooperative association;]

22 (H) a director of a limited cooperative association;

23 (I) a manager of an unincorporated nonprofit association;

24 (J) a trustee of a statutory trust, business trust, or common-law business trust; or

1 (K) any other person by or under whose authority the powers of an entity are
2 exercised and under whose direction the activities and affairs of the entity are managed pursuant
3 to the organic law and organic rules of the entity.

4 (16) “Interest” means:

5 (A) a share in a business corporation;

6 (B) a membership in a nonprofit corporation;

7 (C) a partnership interest in a general partnership;

8 (D) a partnership interest in a limited partnership;

9 (E) a membership interest in a limited liability company;

10 [(F) a share in a general cooperative association;]

11 (G) a member’s interest in a limited cooperative association;

12 (H) a membership in an unincorporated nonprofit association;

13 (I) a beneficial interest in a statutory trust, business trust, or common-law business
14 trust; or

15 (J) a governance interest or distributional interest in any other type of
16 unincorporated entity.

17 (17) “Interest Exchange” means a transaction authorized by [Part] 3.

18 (18) “Interest holder” means:

19 (A) a shareholder of a business corporation;

20 (B) a member of a nonprofit corporation;

21 (C) a general partner of a general partnership;

22 (D) a general partner of a limited partnership;

23 (E) a limited partner of a limited partnership;

24 (F) a member of a limited liability company;

1 [(G) a shareholder of a general cooperative association;]
2 (H) a member of a limited cooperative association;
3 (I) a member of an unincorporated nonprofit association;
4 (J) a beneficiary or beneficial owner of a statutory trust, business trust, or
5 common-law business trust; or
6 (K) any other direct holder of an interest.

7 (19) “Interest holder liability” means:

8 (A) personal liability for a liability of an entity that is imposed on a person:
9 (i) solely by reason of the status of the person as an interest holder; or
10 (ii) by the organic rules of the entity which make one or more specified
11 interest holders or categories of interest holders liable in their capacity as interest holders for all
12 or specified liabilities of the entity; or
13 (B) an obligation of an interest holder under the organic rules of an entity to
14 contribute to the entity.

15 (20) “Jurisdiction of formation” means the jurisdiction whose law includes the organic
16 law of an entity.

17 (21) “Merger” means a transaction authorized by [Part] 2.

18 (22) “Merging entity” means an entity that is a party to a merger and exists immediately
19 before the merger becomes effective.

20 (23) “Organic law” means the law of an entity’s jurisdiction of formation governing the
21 internal affairs of the entity.

22 (24) “Organic rules” means the public organic record and private organic rules of an
23 entity.

24 (25) “Plan” means a plan of merger, plan of interest exchange, plan of conversion, or plan

1 of domestication.

2 (26) “Plan of conversion” means a plan under Section 942.

3 (27) “Plan of domestication” means a plan under Section 952.

4 (28) “Plan of interest exchange” means a plan under Section 932.

5 (29) “Plan of merger” means a plan under Section 922.

6 (30) “Private organic rules” means the rules, whether or not in a record, that govern the
7 internal affairs of an entity, are binding on all of its interest holders, and are not part of its public
8 organic record, if any. The term includes:

9 (A) the bylaws of a business corporation;

10 (B) the bylaws of a nonprofit corporation;

11 (C) the partnership agreement of a general partnership;

12 (D) the partnership agreement of a limited partnership;

13 (E) the operating agreement of a limited liability company;

14 [(F) the bylaws of a general cooperative association;]

15 (G) the bylaws of a limited cooperative association;

16 (H) the governing principles of an unincorporated nonprofit association; and

17 (I) the trust instrument of a statutory trust or similar rules of a business trust or
18 common-law business trust.

19 (31) “Protected agreement” means:

20 (A) a record evidencing indebtedness and any related agreement in effect on [the
21 effective date of this [act]];

22 (B) an agreement that is binding on an entity on [the effective date of this [act]];

23 (C) the organic rules of an entity in effect on [the effective date of this [act]]; or

24 (D) an agreement that is binding on any of the governors or interest holders of an

1 entity on [the effective date of this [act]].

2 (32) “Public organic record” means the record the filing of which by the [Secretary of
3 State] is required to form an entity and any amendment to or restatement of that record. The term
4 includes:

5 (A) the articles of incorporation of a business corporation;

6 (B) the articles of incorporation of a nonprofit corporation;

7 (C) the certificate of limited partnership of a limited partnership;

8 (D) the certificate of organization of a limited liability company;

9 [(E) the articles of incorporation of a general cooperative association;]

10 (F) the articles of organization of a limited cooperative association; and

11 (G) the certificate of trust of a statutory trust or similar record of a business trust.

12 (33) “Registered foreign entity” means a foreign entity that is registered to do business in
13 this state pursuant to a record filed by the [Secretary of State].

14 (34) “Statement of conversion” means a statement under Section 945.

15 (35) “Statement of domestication” means a statement under Section 955.

16 (36) “Statement of interest exchange” means a statement under Section 935.

17 (37) “Statement of merger” means a statement under Section 925.

18 (38) “Surviving entity” means an entity that continues in existence after or is created by a
19 merger.

20 (39) “Type of entity” means a generic form of entity:

21 (A) recognized at common law; or

22 (B) formed under an organic law, whether or not some entities formed under that
23 organic law are subject to provisions of that law that create different categories of the form of
24 entity.

1 **SECTION 902. RELATIONSHIP OF [ARTICLE] TO OTHER LAWS.** This

2 [article] does not authorize an act prohibited by, and does not affect the application or
3 requirements of, law other than this [article].

4 **SECTION 903. REQUIRED NOTICE OR APPROVAL.**

5 (a) A domestic or foreign entity that is required to give notice to, or obtain the approval
6 of, a governmental agency or officer of this state to be a party to a merger must give the notice or
7 obtain the approval to be a party to an interest exchange, conversion, or domestication.

8 (b) Property held for a charitable purpose under the law of this state by a domestic or
9 foreign entity immediately before a transaction under this [article] becomes effective may not, as
10 a result of the transaction, be diverted from the objects for which it was donated, granted,
11 devised, or otherwise transferred unless, to the extent required by or pursuant to the law of this
12 state concerning cy pres or other law dealing with nondiversion of charitable assets, the entity
13 obtains an appropriate order of [the appropriate court] [the Attorney General] specifying the
14 disposition of the property.

15 **SECTION 904. STATUS OF FILINGS.** A filing under this [article] signed by a
16 domestic entity becomes part of the public organic record of the entity if the entity's organic law
17 provides that similar filings under that law become part of the public organic record of the entity.

18 **SECTION 905. NONEXCLUSIVITY.** The fact that a transaction under this [article]
19 produces a certain result does not preclude the same result from being accomplished in any other
20 manner permitted by law other than this [article].

21 **SECTION 906. REFERENCE TO EXTERNAL FACTS.** A plan may refer to facts
22 ascertainable outside the plan if the manner in which the facts will operate upon the plan is
23 specified in the plan. The facts may include the occurrence of an event or a determination or
24 action by a person, whether or not the event, determination, or action is within the control of a

1 party to the transaction.

2 **SECTION 907. ALTERNATIVE MEANS OF APPROVAL OF TRANSACTIONS.**

3 Except as otherwise provided in the organic law or organic rules of a domestic entity, approval of
4 a transaction under this [article] by the unanimous vote or consent of its interest holders satisfies
5 the requirements of this [article] for approval of the transaction.

6 **SECTION 908. APPRAISAL RIGHTS.**

7 (a) An interest holder of a domestic merging, acquired, converting, or domesticating
8 entity is entitled to appraisal rights in connection with the transaction if the interest holder would
9 have been entitled to appraisal rights under the entity's organic law in connection with a merger
10 in which the interest of the interest holder was changed, converted, or exchanged unless:

11 (1) the organic law permits the organic rules to limit the availability of appraisal
12 rights; and

13 (2) the organic rules provide such a limit.

14 (b) An interest holder of a domestic merging, acquired, converting, or domesticating
15 entity is entitled to contractual appraisal rights in connection with a transaction under this
16 [article] to the extent provided in:

17 (1) the entity's organic rules; or

18 (2) the plan.

19 **[SECTION 1109. EXCLUDED ENTITIES AND TRANSACTIONS.]**

20 (a) The following entities may not participate in a transaction under this [article]:

21 (1)

22 (2).

23 (b) This [article] may not be used to effect a transaction that:

24 (1)

(2).1

[PART] 2

MERGER

SECTION 921. MERGER AUTHORIZED.

(a) By complying with this [part]:

(1) one or more domestic partnerships may merge with one or more domestic or
foreign entities into a domestic or foreign surviving entity; and

(2) two or more foreign entities may merge into a domestic partnership.

(b) By complying with the provisions of this [part] applicable to foreign entities, a foreign entity may be a party to a merger under this [part] or may be the surviving entity in such a merger if the merger is authorized by the law of the foreign entity's jurisdiction of formation.

SECTION 922. PLAN OF MERGER.

(a) A domestic partnership may become a party to a merger under this [part] by approving a plan of merger. The plan must be in a record and contain:

(1) as to each merging entity, its name, jurisdiction of formation, and type of entity;

(2) if the surviving entity is to be created in the merger, a statement to that effect
and the entity's name, jurisdiction of formation, and type of entity;

(3) the manner of converting the interests in each party to the merger into
interests, securities, obligations, money, other property, rights to acquire interests or securities, or
any combination of the foregoing;

(4) if the surviving entity exists before the merger, any proposed amendments to its public organic record, if any, or to its private organic rules that are, or are proposed to be, in a record;

1 (5) if the surviving entity is to be created in the merger, its proposed public
2 organic record, if any, and the full text of its private organic rules that are proposed to be in a
3 record;

4 (6) the other terms and conditions of the merger; and

5 (7) any other provision required by the law of a merging entity's jurisdiction of
6 formation or the organic rules of a merging entity.

7 (b) In addition to the requirements of subsection (a), a plan of merger may contain any
8 other provision not prohibited by law.

9 **SECTION 923. APPROVAL OF MERGER.**

10 (a) A plan of merger is not effective unless it has been approved:

11 (1) by a domestic merging partnership, by all the partners of the partnership
12 entitled to vote on or consent to any matter; and

13 (2) in a record, by each partner of a domestic merging partnership that will have
14 interest holder liability for debts, obligations, and other liabilities that arise after the merger
15 becomes effective, unless:

16 (A) the partnership agreement of the partnership provides in a record for
17 the approval of a merger in which some or all of its partners become subject to interest holder
18 liability by the vote or consent of fewer than all the partners; and

19 (B) the partner consented in a record to or voted for that provision of the
20 partnership agreement or became a partner after the adoption of that provision.

21 (b) A merger involving a domestic merging entity that is not a partnership is not effective
22 unless the merger is approved by that entity in accordance with its organic law.

23 (c) A merger involving a foreign merging entity is not effective unless the merger is
24 approved by the foreign entity in accordance with the law of the foreign entity's jurisdiction of

1 formation.

2 **SECTION 924. AMENDMENT OR ABANDONMENT OF PLAN OF MERGER.**

3 (a) A plan of merger may be amended only with the consent of each party to the plan,
4 except as otherwise provided in the plan.

5 (b) A domestic merging partnership may approve an amendment of a plan of merger:

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

8 (2) by the partners in the manner provided in the plan, but a partner that was
9 entitled to vote on or consent to approval of the merger is entitled to vote on or consent to any
10 amendment of the plan that will change:

11 (A) the amount or kind of interests, securities, obligations, money, other
12 property, rights to acquire interests or securities, or any combination of the foregoing, to be
13 received by the interest holders of any party to the plan;

14 (B) the public organic record, if any, or private organic rules of the
15 surviving entity that will be in effect immediately after the merger becomes effective, except for
16 changes that do not require approval of the interest holders of the surviving entity under its
17 organic law or organic rules; or

18 (C) any other terms or conditions of the plan, if the change would
19 adversely affect the partner in any material respect.

20 (c) After a plan of merger has been approved and before a statement of merger becomes
21 effective, the plan may be abandoned as provided in the plan. Unless prohibited by the plan, a
22 domestic merging partnership may abandon the plan in the same manner as the plan was
23 approved.

24 (d) If a plan of merger is abandoned after a statement of merger has been delivered to the

1 [Secretary of State] for filing and before the statement becomes effective, a statement of
2 abandonment, signed by a party to the plan, must be delivered to the [Secretary of State] for
3 filing before the statement of merger becomes effective. The statement of abandonment takes
4 effect upon filing, and the merger is abandoned and does not become effective. The statement of
5 abandonment must contain:

6 (1) the name of each party to the plan of merger;

7 (2) the date on which the statement of merger was delivered to the [Secretary of
8 State] for filing; and

9 (3) a statement that the merger has been abandoned in accordance with this
10 section.

11 **SECTION 925. STATEMENT OF MERGER.**

12 (a) A statement of merger must be signed by each merging entity and delivered to the
13 [Secretary of State] for filing.

14 (b) A statement of merger must contain:

15 (1) the name, jurisdiction of formation, and type of entity of each merging entity
16 that is not the surviving entity;

17 (2) the name, jurisdiction of formation, and type of entity of the surviving entity;

18 (3) a statement that the merger was approved by each domestic merging entity, if
19 any, in accordance with this [part] and by each foreign merging entity, if any, in accordance with
20 the law of its jurisdiction of formation;

21 (4) if the surviving entity exists before the merger and is a domestic filing entity,
22 any amendment to its public organic record approved as part of the plan of merger;

23 (5) if the surviving entity is created by the merger and is a domestic filing entity,
24 its public organic record, as an attachment;

1 (6) if the surviving entity is created by the merger and is a domestic limited
2 liability partnership, its statement of qualification, as an attachment; and

3 (7) if the surviving entity is a foreign entity that is not a registered foreign entity,
4 a mailing address to which the [Secretary of State] may send any process served on the
5 [Secretary of State] pursuant to Section 926(e).

6 (c) In addition to the requirements of subsection (b), a statement of merger may contain
7 any other provision not prohibited by law.

8 (d) If the surviving entity is a domestic entity, its public organic record, if any, must
9 satisfy the requirements of the law of this state, except that the public organic record does not
10 need to be signed.

11 (e) A plan of merger that is signed by all the merging entities and meets all the
12 requirements of subsection (b) may be delivered to the [Secretary of State] for filing instead of a
13 statement of merger and upon filing has the same effect. If a plan of merger is filed as provided
14 in this subsection, references in this [article] to a statement of merger refer to the plan of merger
15 filed under this subsection.

16 **SECTION 926. EFFECT OF MERGER.**

17 (a) When a merger becomes effective:

18 (1) the surviving entity continues or comes into existence;

19 (2) each merging entity that is not the surviving entity ceases to exist;

20 (3) all property of each merging entity vests in the surviving entity without
21 transfer, reversion, or impairment;

22 (4) all debts, obligations, and other liabilities of each merging entity are debts,
23 obligations, and liabilities of the surviving entity;

24 (5) except as otherwise provided by law or the plan of merger, all the rights,

1 privileges, immunities, powers, and purposes of each merging entity vest in the surviving entity;

2 (6) if the surviving entity exists before the merger:

3 (A) all its property continues to be vested in it without transfer, reversion,
4 or impairment;

5 (B) it remains subject to all its debts, obligations, and liabilities; and

6 (C) all its rights, privileges, immunities, powers, and purposes continue to
7 be vested in it;

8 (7) the name of the surviving entity may be substituted for the name of any
9 merging entity that is a party to any pending action or proceeding;

10 (8) if the surviving entity exists before the merger:

11 (A) its public organic record, if any, is amended as provided in the
12 statement of merger; and

13 (B) its private organic rules that are to be in a record, if any, are amended
14 to the extent provided in the plan of merger;

15 (9) if the surviving entity is created by the merger:

16 (A) its public organic record, if any, is effective; and

17 (B) its private organic rules are effective; and

18 (10) the interests in each merging entity which are to be converted in the merger
19 are converted, and the interest holders of those interests are entitled only to the rights provided to
20 them under the plan of merger and to any appraisal rights they have under Section 908 and the
21 merging entity's organic law.

22 (b) Except as otherwise provided in the organic law or organic rules of a merging entity,
23 the merger does not give rise to any rights that an interest holder, governor, or third party would
24 otherwise have upon a dissolution, liquidation, or winding up of the merging entity.

1 (c) When a merger becomes effective, a person that did not have interest holder liability
2 with respect to any of the merging entities and that becomes subject to interest holder liability
3 with respect to a domestic entity as a result of a merger has interest holder liability only to the
4 extent provided by the organic law of that entity and only for those debts, obligations, and other
5 liabilities that arise after the merger becomes effective.

6 (d) When a merger becomes effective, the interest holder liability of a person that ceases
7 to hold an interest in a domestic merging entity with respect to which the person had interest
8 holder liability is as follows:

9 (1) The merger does not discharge any interest holder liability under the organic
10 law of the domestic merging entity to the extent the interest holder liability arose before the
11 merger became effective.

12 (2) The person does not have interest holder liability under the organic law of the
13 domestic merging entity for any liability that arises after the merger becomes effective.

14 (3) The organic law of the domestic merging entity continues to apply to the
15 release, collection, or discharge of any interest holder liability preserved under paragraph (1) as
16 if the merger had not occurred and the surviving entity were the domestic merging entity.

17 (4) The person has whatever rights of contribution from any other person as are
18 provided by law other than this [act], this [act], or the organic rules of the domestic merging
19 entity with respect to any interest holder liability preserved under paragraph (1) as if the merger
20 had not occurred.

21 (e) When a merger becomes effective, a foreign entity that is the surviving entity may be
22 served with process in this state for the collection and enforcement of any debts, obligations, or
23 other liabilities of a domestic merging entity in accordance with applicable law.

24 (f) When a merger becomes effective, the registration to do business in this state of any

foreign merging entity that is not the surviving entity is canceled.

[PART] 3

INTEREST EXCHANGE

SECTION 931. INTEREST EXCHANGE AUTHORIZED.

(a) By complying with this [part]:

(1) a domestic partnership may acquire all of one or more classes or series of interests of another domestic or foreign entity in exchange for interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing; or

(2) all of one or more classes or series of interests of a domestic partnership may be acquired by another domestic or foreign entity in exchange for interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing.

(b) By complying with the provisions of this [part] applicable to foreign entities, a foreign entity may be the acquiring or acquired entity in an interest exchange under this [part] if the interest exchange is authorized by the law of the foreign entity's jurisdiction of formation.

(c) If a protected agreement contains a provision that applies to a merger of a domestic partnership but does not refer to an interest exchange, the provision applies to an interest exchange in which the domestic partnership is the acquired entity as if the interest exchange were a merger until the provision is amended after [the effective date of this [act]].

SECTION 932. PLAN OF INTEREST EXCHANGE.

(a) A domestic partnership may be the acquired entity in an interest exchange under this [part] by approving a plan of interest exchange. The plan must be in a record and contain:

(1) the name of the acquired entity;

1 (2) the name, jurisdiction of formation, and type of entity of the acquiring entity;

2 (3) the manner of converting the interests in the acquired entity into interests,
3 securities, obligations, money, other property, rights to acquire interests or securities, or any
4 combination of the foregoing;

5 (4) any proposed amendments to the partnership agreement that are, or are
6 proposed to be, in a record of the acquired entity;

7 (5) the other terms and conditions of the interest exchange; and

8 (6) any other provision required by the law of this state or the partnership
9 agreement of the acquired entity.

10 (b) In addition to the requirements of subsection (a), a plan of interest exchange may
11 contain any other provision not prohibited by law.

12 **SECTION 933. APPROVAL OF INTEREST EXCHANGE.**

13 (a) A plan of interest exchange is not effective unless it has been approved:

14 (1) by all the partners of a domestic acquired partnership entitled to vote on or
15 consent to any matter; and

16 (2) in a record, by each partner of the domestic acquired partnership that will have
17 interest holder liability for debts, obligations, and other liabilities that arise after the interest
18 exchange becomes effective, unless:

19 (A) the partnership agreement of the partnership provides in a record for
20 the approval of an interest exchange or a merger in which some or all its partners become subject
21 to interest holder liability by the vote or consent of fewer than all the partners; and

22 (B) the partner consented in a record to or voted for that provision of the
23 partnership agreement or became a partner after the adoption of that provision.

24 (b) An interest exchange involving a domestic acquired entity that is not a partnership is

1 not effective unless it is approved by the domestic entity in accordance with its organic law.

2 (c) An interest exchange involving a foreign acquired entity is not effective unless it is
3 approved by the foreign entity in accordance with the law of the foreign entity's jurisdiction of
4 formation.

5 (d) Except as otherwise provided in its organic law or organic rules, the interest holders
6 of the acquiring entity are not required to approve the interest exchange.

7 **SECTION 934. AMENDMENT OR ABANDONMENT OF PLAN OF INTEREST**
8 **EXCHANGE.**

9 (a) A plan of interest exchange may be amended only with the consent of each party to
10 the plan, except as otherwise provided in the plan.

11 (b) A domestic acquired partnership may approve an amendment of a plan of interest
12 exchange:

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

15 (2) by the partners of the partnership in the manner provided in the plan, but a
16 partner that was entitled to vote on or consent to approval of the interest exchange is entitled to
17 vote on or consent to any amendment of the plan that will change:

18 (A) the amount or kind of interests, securities, obligations, money, other
19 property, rights to acquire interests or securities, or any combination of the foregoing, to be
20 received by any of the partners of the acquired partnership under the plan;

21 (B) the partnership agreement of the acquired partnership that will be in
22 effect immediately after the interest exchange becomes effective, except for changes that do not
23 require approval of the partners of the acquired partnership under this [act] or the partnership
24 agreement; or

1 (C) any other terms or conditions of the plan, if the change would
2 adversely affect the partner in any material respect.

3 (c) After a plan of interest exchange has been approved and before a statement of interest
4 exchange becomes effective, the plan may be abandoned as provided in the plan. Unless
5 prohibited by the plan, a domestic acquired partnership may abandon the plan in the same
6 manner as the plan was approved.

7 (d) If a plan of interest exchange is abandoned after a statement of interest exchange has
8 been delivered to the [Secretary of State] for filing and before the statement becomes effective, a
9 statement of abandonment, signed by the acquired partnership, must be delivered to the
10 [Secretary of State] for filing before the statement of interest exchange becomes effective. The
11 statement of abandonment takes effect upon filing, and the interest exchange is abandoned and
12 does not become effective. The statement of abandonment must contain:

13 (1) the name of the acquired partnership;

14 (2) the date on which the statement of interest exchange was delivered to the
15 [Secretary of State] for filing; and

16 (3) a statement that the interest exchange has been abandoned in accordance with
17 this section.

18 **SECTION 935. STATEMENT OF INTEREST EXCHANGE.**

19 (a) A statement of interest exchange must be signed by a domestic acquired partnership
20 and delivered to the [Secretary of State] for filing.

21 (b) A statement of interest exchange must contain:

22 (1) the name of the acquired partnership;

23 (2) the name, jurisdiction of formation, and type of the acquiring entity;

24 (3) a statement that the plan of interest exchange was approved by the acquired

1 entity in accordance with this [part].

2 (c) In addition to the requirements of subsection (b), a statement of interest exchange may
3 contain any other provision not prohibited by law.

4 (d) A plan of interest exchange that is signed by a domestic acquired partnership and
5 meets all the requirements of subsection (b) may be delivered to the [Secretary of State] for filing
6 instead of a statement of interest exchange and upon filing has the same effect. If a plan of
7 interest exchange is filed as provided in this subsection, references in this [article] to a statement
8 of interest exchange refer to the plan of interest exchange filed under this subsection.

9 **SECTION 936. EFFECT OF INTEREST EXCHANGE.**

10 (a) When an interest exchange in which the acquired entity is a domestic partnership
11 becomes effective:

12 (1) the interests in the domestic acquired partnership that are the subject of the
13 interest exchange cease to exist or are converted or exchanged, and the partners holding those
14 interests are entitled only to the rights provided to them under the plan of interest exchange and
15 to any appraisal rights they have under Section 908;

16 (2) the acquiring entity becomes the interest holder of the interests in the acquired
17 partnership stated in the plan of interest exchange to be acquired by the acquiring entity; and

18 (3) the provisions of the partnership agreement of the acquired partnership that are
19 to be in a record, if any, are amended to the extent provided in the plan of interest exchange.

20 (b) Except as otherwise provided in the partnership agreement of a domestic acquired
21 partnership, the interest exchange does not give rise to any rights that a partner or third party
22 would otherwise have upon a dissolution, liquidation, or winding up of the acquired partnership.

23 (c) When an interest exchange becomes effective, a person that did not have interest
24 holder liability with respect to a domestic acquired partnership and that becomes subject to

interest holder liability with respect to a domestic entity as a result of the interest exchange has interest holder liability only to the extent provided by the organic law of the entity and only for those debts, obligations, and other liabilities that arise after the interest exchange becomes effective.

(d) When an interest exchange becomes effective, the interest holder liability of a person that ceases to hold an interest in a domestic acquired partnership with respect to which the person had interest holder liability is as follows:

(1) The interest exchange does not discharge any interest holder liability to the extent the interest holder liability arose before the interest exchange became effective.

(2) The person does not have interest holder liability for any liability that arises after the interest exchange becomes effective.

(3) The person has whatever rights of contribution from any other person as are provided by law other than this [act], this [act], or the partnership agreement of the acquired entity with respect to any interest holder liability preserved under paragraph (1) as if the interest exchange had not occurred.

[PART] 4

CONVERSION

SECTION 941. CONVERSION AUTHORIZED.

(a) By complying with this [part], a domestic partnership may become:

(1) a domestic entity of a different type; or

(2) a foreign entity of a different type, if the conversion is authorized by the law of the foreign jurisdiction.

(b) By complying with the provisions of this [part] applicable to foreign entities, a foreign entity that is not a foreign partnership may become a domestic partnership if the

1 conversion is authorized by the law of the foreign entity's jurisdiction of formation.

2 (c) If a protected agreement contains a provision that applies to a merger of a domestic
3 partnership but does not refer to a conversion, the provision applies to a conversion of the entity
4 as if the conversion were a merger until the provision is amended after [the effective date of this
5 [act]].

6 **SECTION 942. PLAN OF CONVERSION.**

7 (a) A domestic partnership may convert to a different type of entity under this [part] by
8 approving a plan of conversion. The plan must be in a record and contain:

9 (1) the name of the converting partnership;

10 (2) the name, jurisdiction of formation, and type of entity of the converted entity;

11 (3) the manner of converting the interests in the converting partnership into
12 interests, securities, obligations, money, other property, rights to acquire interests or securities, or
13 any combination of the foregoing;

14 (4) the proposed public organic record of the converted entity if it will be a filing
15 entity;

16 (5) the full text of the private organic rules of the converted entity that are
17 proposed to be in a record;

18 (6) the other terms and conditions of the conversion; and

19 (7) any other provision required by the law of this state or the partnership
20 agreement of the converting partnership.

21 (b) In addition to the requirements of subsection (a), a plan of conversion may contain
22 any other provision not prohibited by law.

23 **SECTION 943. APPROVAL OF CONVERSION.**

24 (a) A plan of conversion is not effective unless it has been approved:

1 (1) by a domestic converting partnership by all the partners of the partnership
2 entitled to vote on or consent to any matter; and

3 (2) in a record, by each partner of a domestic converting partnership that will have
4 interest holder liability for debts, obligations, and other liabilities that arise after the conversion
5 becomes effective:

6 (A) the partnership agreement provides in a record for the approval of a
7 conversion or a merger in which some or all of its partners become subject to interest holder
8 liability by the vote or consent of fewer than all the interest holders; and

9 (B) the partner voted for or consented in a record to that provision of the
10 partnership agreement or became a partner after the adoption of that provision.

11 (b) A conversion involving a domestic converting entity that is not a partnership is not
12 effective unless it is approved by the domestic converting entity in accordance with its organic
13 law.

14 (c) A conversion of a foreign converting entity is not effective unless it is approved by
15 the foreign entity in accordance with the law of the foreign entity's jurisdiction of formation.

16 **SECTION 944. AMENDMENT OR ABANDONMENT OF PLAN OF**
17 **CONVERSION.**

18 (a) A plan of conversion of a domestic converting partnership may be amended:

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

21 (2) by the partners of the entity in the manner provided in the plan, but a partner
22 that was entitled to vote on or consent to approval of the conversion is entitled to vote on or
23 consent to any amendment of the plan that will change:

24 (A) the amount or kind of interests, securities, obligations, money, other

property, rights to acquire interests or securities, or any combination of the foregoing, to be received by any of the partners of the converting entity under the plan;

(B) the public organic record or private organic rules of the converted entity that will be in effect immediately after the conversion becomes effective, except for changes that do not require approval of the interest holders of the converted entity under its organic law or organic rules; or

(C) any other terms or conditions of the plan, if the change would adversely affect the partner in any material respect.

(b) After a plan of conversion has been approved by a domestic converting partnership and before a statement of conversion becomes effective, the plan may be abandoned as provided in the plan. Unless prohibited by the plan, a domestic converting partnership may abandon the plan in the same manner as the plan was approved.

(c) If a plan of conversion is abandoned after a statement of conversion has been delivered to the [Secretary of State] for filing and before the filing becomes effective, a statement of abandonment, signed by the converting entity, must be delivered to the [Secretary of State] for filing before the time the statement of conversion becomes effective. The statement of abandonment takes effect upon filing, and the conversion is abandoned and does not become effective. The statement of abandonment must contain:

(1) the name of the converting partnership;

(2) the date on which the statement of conversion was delivered to the [Secretary of State] for filing; and

(3) a statement that the conversion has been abandoned in accordance with this section.

1 **SECTION 945. STATEMENT OF CONVERSION.**

2 (a) A statement of conversion must be signed by the converting entity and delivered to
3 the [Secretary of State] for filing.

4 (b) A statement of conversion must contain:

5 (1) the name, jurisdiction of formation, and type of the converting entity;

6 (2) the name, jurisdiction of formation, and type of the converted entity;

7 (3) if the converting entity is a domestic entity, a statement that the plan of
8 conversion was approved in accordance with this [part] or, if the converting entity is a foreign
9 entity, a statement that the conversion was approved by the foreign converting entity in
10 accordance with the law of its jurisdiction of formation;

11 (4) if the converted entity is a domestic filing entity, the text of its public organic
12 record, as an attachment;

13 (5) if the converted entity is a domestic limited liability partnership, the text of its
14 statement of qualification, as an attachment; and

15 (6) if the converted entity is a foreign entity that is not a registered foreign entity,
16 a mailing address to which the [Secretary of State] may send any process served on the
17 [Secretary of State] pursuant to Section 946(e).

18 (c) In addition to the requirements of subsection (b), a statement of conversion may
19 contain any other provision not prohibited by law.

20 (d) If the converted entity is a domestic entity, its public organic record, if any, must
21 satisfy the requirements of the law of this state, except that the public organic record does not
22 need to be signed.

23 (e) A plan of conversion that is signed by a domestic converting entity and meets all the
24 requirements of subsection (b) may be delivered to the [Secretary of State] for filing instead of a

statement of conversion and upon filing has the same effect. If a plan of conversion is filed as provided in this subsection, references in this [article] to a statement of conversion refer to the plan of conversion filed under this subsection.

SECTION 946. EFFECT OF CONVERSION.

(a) When a conversion in which the converted entity is a domestic partnership becomes effective:

(1) the converted entity is:

(A) organized under and subject to this [act]; and

(B) the same entity without interruption as the converting entity;

(2) all property of the converting entity continues to be vested in the converted entity without transfer, reversion, or impairment;

(3) all debts, obligations, and liabilities of the converting entity continue as debts, obligations, and liabilities of the converted entity;

(4) except as otherwise provided by law or the plan of conversion, all the rights, privileges, immunities, powers, and purposes of the converting entity remain in the converted entity;

(5) the name of the converted entity may be substituted for the name of the converting entity in any pending action or proceeding;

(6) if the converted entity is a limited liability partnership, its statement of qualification is effective simultaneously;

(7) the provisions of the partnership agreement of the converted entity that are to be in a record, if any, approved as part of the plan of conversion are effective; and

(8) the interests in the converting entity are converted, and the interest holders of the converting entity are entitled only to the rights provided to them under the plan of conversion

1 and to any appraisal rights they have under Section 908 and the converting entity's organic law.

2 (b) Except as otherwise provided in the partnership agreement of a domestic converting
3 partnership, the conversion does not give rise to any rights that a partner or third party would
4 otherwise have upon a dissolution, liquidation, or winding up of the converting entity.

5 (c) When a conversion becomes effective, a person that did not have interest holder
6 liability with respect to the converting entity and that becomes subject to interest holder liability
7 with respect to a domestic entity as a result of a conversion has interest holder liability only to
8 the extent provided by the organic law of the entity and only for those debts, obligations, and
9 liabilities that arise after the conversion becomes effective.

10 (d) When a conversion becomes effective, the interest holder liability of a person that
11 ceases to hold an interest in a domestic partnership with respect to which the person had interest
12 holder liability is as follows:

13 (1) The conversion does not discharge any interest holder liability to the extent
14 the interest holder liability arose before the conversion became effective.

15 (2) The person does not have interest holder liability for any liability that arises
16 after the conversion becomes effective.

17 (3) The person has whatever rights of contribution from any other person as are
18 provided by law other than this [act], this [act], or the partnership agreement of the converting
19 entity with respect to any interest holder liability preserved under paragraph (1) as if the
20 conversion had not occurred.

21 (e) When a conversion becomes effective, a foreign entity that is the converted entity
22 may be served with process in this state for the collection and enforcement of any of its debts,
23 obligations, and liabilities in accordance with applicable law.

24 (f) If the converting entity is a registered foreign entity, its registration to do business in

1 this state is canceled when the conversion becomes effective.

2 (g) A conversion does not require the entity to wind up its affairs and does not constitute
3 or cause the dissolution of the entity.

4 **[PART] 5**

5 **DOMESTICATION**

6 **SECTION 951. DOMESTICATION AUTHORIZED.**

7 (a) By complying with this [part], a domestic limited liability partnership may become a
8 foreign limited liability partnership if the domestication is authorized by the law of the foreign
9 jurisdiction.

10 (b) By complying with the provisions of this [part] applicable to foreign limited liability
11 partnerships, a foreign limited liability partnership may become a domestic limited liability
12 partnership if the domestication is authorized by the law of the foreign limited liability
13 partnership's jurisdiction of formation.

14 (c) If a protected agreement contains a provision that applies to a merger of a domestic
15 limited liability partnership but does not refer to a domestication, the provision applies to a
16 domestication of the limited liability partnership as if the domestication were a merger until the
17 provision is amended after [the effective date of this [act]].

18 **SECTION 952. PLAN OF DOMESTICATION.**

19 (a) A domestic limited liability partnership may become a foreign limited liability
20 partnership in a domestication by approving a plan of domestication. The plan must be in a
21 record and contain:

22 (1) the name of the domesticating limited liability partnership;

23 (2) the name and jurisdiction of formation of the domesticated limited liability
24 partnership;

1 (3) the manner of converting the interests in the domesticating limited liability
2 partnership into interests, securities, obligations, money, other property, rights to acquire
3 interests or securities, or any combination of the foregoing;

4 (4) the proposed statement of qualification of the domesticated limited liability
5 partnership;

6 (5) the full text of the partnership agreement of the domesticated limited liability
7 partnership that are proposed to be in a record;

8 (6) the other terms and conditions of the domestication; and

9 (7) any other provision required by the law of this state or the partnership
10 agreement of the domesticating limited liability partnership.

11 (b) In addition to the requirements of subsection (a), a plan of domestication may contain
12 any other provision not prohibited by law.

13 **SECTION 953. APPROVAL OF DOMESTICATION.**

14 (a) A plan of domestication of a domestic domesticating limited liability partnership is
15 not effective unless it has been approved:

16 (1) by all the partners entitled to vote on or consent to any matter; and

17 (2) in a record, by each partner that will have interest holder liability for debts,
18 obligations, and other liabilities that arise after the domestication becomes effective, unless:

19 (A) the partnership agreement of the entity in a record provide for the
20 approval of a domestication or merger in which some or all of its partners become subject to
21 interest holder liability by the vote or consent of fewer than all the partners; and

22 (B) the partner voted for or consented in a record to that provision of the
23 partnership agreement or became a partner after the adoption of that provision.

24 (b) A domestication of a foreign domesticating limited liability partnership is not

1 effective unless it is approved in accordance with the law of the foreign limited liability
2 partnership's jurisdiction of formation.

3 **SECTION 954. AMENDMENT OR ABANDONMENT OF PLAN OF**
4 **DOMESTICATION.**

5 (a) A plan of domestication of a domestic domesticating limited liability partnership may
6 be amended:

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

9 (2) by the partners of the limited liability partnership in the manner provided in
10 the plan, but a partner that was entitled to vote on or consent to approval of the domestication is
11 entitled to vote on or consent to any amendment of the plan that will change:

12 (A) the amount or kind of interests, securities, obligations, money, other
13 property, rights to acquire interests or securities, or any combination of the foregoing, to be
14 received by any of the partners of the domesticating limited liability partnership under the plan;

15 (B) the partnership agreement of the domesticated limited liability
16 partnership that will be in effect immediately after the domestication becomes effective, except
17 for changes that do not require approval of the partners of the domesticated limited liability
18 partnership under its organic law or partnership agreement; or

19 (C) any other terms or conditions of the plan, if the change would
20 adversely affect the partner in any material respect.

21 (b) After a plan of domestication has been approved by a domestic domesticating limited
22 liability partnership and before a statement of domestication becomes effective, the plan may be
23 abandoned as provided in the plan. Unless prohibited by the plan, a domestic domesticating
24 limited liability partnership may abandon the plan in the same manner as the plan was approved.

1 (c) If a plan of domestication is abandoned after a statement of domestication has been
2 delivered to the [Secretary of State] for filing and before the filing becomes effective, a statement
3 of abandonment, signed by the limited liability partnership, must be delivered to the [Secretary
4 of State] for filing before the time the statement of domestication becomes effective. The
5 statement of abandonment takes effect upon filing, and the domestication is abandoned and does
6 not become effective. The statement of abandonment must contain:

7 (1) the name of the domesticating limited liability partnership;

8 (2) the date on which the statement of domestication was delivered to the
9 [Secretary of State] for filing; and

10 (3) a statement that the domestication has been abandoned in accordance with this
11 section.

12 **SECTION 955. STATEMENT OF DOMESTICATION.**

13 (a) A statement of domestication must be signed by the domesticating limited liability
14 partnership and delivered to the [Secretary of State] for filing.

15 (b) A statement of domestication must contain:

16 (1) the name of the domesticating limited liability partnership and the name of the
17 jurisdiction whose law governs the partnership's internal affairs;

18 (2) the name of the domesticated limited liability partnership and the name of the
19 jurisdiction whose law governs the partnership's internal affairs;

20 (3) if the domesticating limited liability partnership is a domestic limited liability
21 partnership, a statement that the plan of domestication was approved in accordance with this
22 [part] or, if the domesticating limited liability partnership is a foreign limited liability
23 partnership, a statement that the domestication was approved in accordance with the law of the
24 jurisdiction whose law governs the internal affairs of the foreign partnership;

1 (4) the statement of qualification of the domesticated limited liability partnership,
2 as an attachment; and

3 (5) if the domesticated foreign limited liability partnership is not a registered
4 foreign limited liability partnership, a mailing address to which the [Secretary of State] may send
5 any process served on the [Secretary of State] pursuant to Section 956(e).

6 (c) In addition to the requirements of subsection (b), a statement of domestication may
7 contain any other provision not prohibited by law.

8 (d) The statement of qualification of a domesticated domestic limited liability partnership
9 must satisfy the requirements of the law of this state, but the statement does not need to be
10 signed.

11 (e) A plan of domestication that is signed by a domesticating domestic limited liability
12 partnership and meets all the requirements of subsection (b) may be delivered to the [Secretary
13 of State] for filing instead of a statement of domestication and upon filing has the same effect. If
14 a plan of domestication is filed as provided in this subsection, references in this [part] to a
15 statement of domestication refer to the plan of domestication filed under this subsection.

16 **SECTION 956. EFFECT OF DOMESTICATION.**

17 (a) When a domestication becomes effective:

18 (1) the domesticated limited liability partnership is:

19 (A) organized under and subject to the organic law of the domesticated
20 limited liability partnership; and

21 (B) the same entity without interruption as the domesticating limited
22 liability partnership;

23 (2) all property of the domesticating limited liability partnership continues to be
24 vested in the domesticated entity without transfer, reversion, or impairment;

1 (3) all debts, obligations, and liabilities of the domesticating limited liability
2 partnership continue as debts, obligations, and liabilities of the domesticated limited liability
3 partnership;

4 (4) except as otherwise provided by law or the plan of domestication, all the
5 rights, privileges, immunities, powers, and purposes of the domesticating limited liability
6 partnership remain in the domesticated limited liability partnership;

7 (5) the name of the domesticated limited liability partnership may be substituted
8 for the name of the domesticating limited liability partnership in any pending action or
9 proceeding;

10 (6) the statement of qualification of the domestic limited liability partnership is
11 effective;

12 (7) the provisions of the partnership agreement of the domesticated limited
13 liability partnership that are to be in a record, if any, approved as part of the plan of
14 domestication are effective; and

15 (8) the interests in the domesticating limited liability partnership are converted to
16 the extent and as approved in connection with the domestication, and the partners of the
17 domesticating limited liability partnership are entitled only to the rights provided to them under
18 the plan of domestication and to any appraisal rights they have under Section 908.

19 (b) Except as otherwise provided in the organic law or partnership agreement of the
20 domesticating limited liability partnership, the domestication does not give rise to any rights that
21 a partner or third party would otherwise have upon a dissolution, liquidation, or winding up of
22 the domesticating limited liability partnership.

23 (c) When a domestication becomes effective, a person that did not have interest holder
24 liability with respect to the domesticating limited liability partnership and that becomes subject

1 to interest holder liability with respect to a domestic limited liability partnership as a result of the
2 domestication has interest holder liability only to the extent provided by the organic law of the
3 domestic limited liability partnership and only for those debts, obligations, and other liabilities
4 that arise after the domestication becomes effective.

5 (d) When a domestication becomes effective:

6 (1) The domestication does not discharge any interest holder liability under this
7 [act] to the extent the interest holder liability arose before the domestication became effective.

8 (2) A person does not have interest holder liability under this [act] for any debts,
9 obligations, and liabilities that arise after the domestication becomes effective.

10 (3) A person has whatever rights of contribution from any other person as are
11 provided by law other than this [act], or this [act], or the partnership agreement of a domestic
12 domesticating limited liability partnership with respect to any interest holder liability preserved
13 under paragraph (1) as if the domestication had not occurred.

14 (e) When a domestication becomes effective, a foreign limited liability partnership that is
15 the domesticated limited liability partnership may be served with process in this state for the
16 collection and enforcement of any of its debts, obligations, and liabilities in accordance with
17 applicable law.

18 (f) If the domesticating limited liability partnership is a registered foreign limited liability
19 partnership, the registration of the limited liability partnership is canceled when the
20 domestication becomes effective.

21 (g) A domestication does not require the limited liability partnership to wind up its
22 business and does not constitute or cause the dissolution of the limited liability partnership.

1 [ARTICLE] 10

2 LIMITED LIABILITY PARTNERSHIP

3 SECTION 1001. STATEMENT OF QUALIFICATION.

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

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

9 (c) After the approval required by subsection (b), a partnership may become a limited
10 liability partnership by ~~filing~~ delivering to the [Secretary of State] for filing a statement of
11 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 registered agent for service of process; and~~

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

19 ~~(5) a deferred effective date, if any.~~

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

22 ~~(e) (d) The status of a partnership as a limited liability partnership is effective on the later~~
23 ~~of the filing of the statement or a date specified in the statement. The~~ A partnership's status as a
24 limited liability partnership remains effective, regardless of changes in the partnership, until it is

1 canceled pursuant to ~~Section 105(d)~~ subsection (f) or administratively revoked pursuant to
2 Section ~~1003~~ 1010.

3 ~~(f)~~ (e) The status of a partnership as a limited liability partnership and the liability of its
4 partners for the debts, obligations, or other liabilities of the partnership while it is a limited
5 liability partnership is not affected by errors or later changes in the information required to be
6 contained in the statement of qualification ~~under subsection (e)~~.

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

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

11 (F) A LIMITED LIABILITY PARTNERSHIP MAY AMEND OR CANCEL ITS STATEMENT OF
12 QUALIFICATION BY DELIVERING TO THE [SECRETARY OF STATE] FOR FILING A STATEMENT OF
13 AMENDMENT OR CANCELLATION. THE STATEMENT MUST BE CONSENTED TO BY ALL PARTNERS AND
14 STATE THE NAME OF THE LIMITED LIABILITY PARTNERSHIP AND IN THE CASE OF:

15 (1) AN AMENDMENT, STATE THE AMENDMENT; AND

16 (2) A CANCELLATION, STATE THAT THE STATEMENT OF QUALIFICATION IS
17 CANCELED.

18 **SECTION 1002. NAME PERMITTED NAMES.**

19 (a) The name of a partnership that is not a limited liability partnership may not contain
20 the phrase “Registered Limited Liability Partnership” or “Limited Liability Partnership” or the
21 abbreviation “R.L.L.P.”, “L.L.P.”, “RLLP”, or “LLP”.

22 (b) The name of a limited liability partnership must ~~end with~~ contain the words
23 “Registered Limited Liability Partnership”, “Limited Liability Partnership”, “R.L.L.P.”,
24 “L.L.P.”, “RLLP”, or “LLP”.

1 (c) Except as otherwise provided in subsection (f), the name of a limited liability
2 partnership, and the name under which a foreign limited liability partnership may register to do
3 business in this state must be distinguishable on the records of the [Secretary of State] from any:

4 (1) name of a person whose formation required the filing of a record by the
5 [Secretary of State];

6 (2) name of a limited liability partnership;

7 (3) name of a person that is registered to do business in this state by the filing of a
8 record by the [Secretary of State];

9 (4) name that is reserved under Section 1012 or other law of this state providing
10 for the reservation of a name by a filing of a record by the [Secretary of State];

11 (5) name that is registered under Section 1013 or other law of this state providing
12 for the registration of a name by a filing of a record by the [Secretary of State]; or

13 (6) assumed name registered under [this state’s assumed name statute].

14 (d) If a person consents in a record to the use of its name and submits an undertaking in a
15 form satisfactory to the [Secretary of State] to change its name to a name that is distinguishable
16 on the records of the [Secretary of State] from any name in any category of names in subsection
17 (c), the name of the consenting person may be used by the person to which the consent was
18 given.

19 (e) Except as otherwise provided in subsection (f), in determining whether a name is the
20 same as or not distinguishable on the records of the [Secretary of State] from the name of another
21 person, words, phrases, or abbreviations indicating the type of entity, such as “corporation”,
22 “corp.”, “incorporated”, “Inc.”, “professional corporation”, “PC”, “professional association”,
23 “PA”, “Limited”, “Ltd.”, “limited partnership”, “LP”, “limited liability partnership”, “LLP”,
24 “registered limited liability partnership”, “RLLP”, “limited liability limited partnership”,

1 “LLLP”, “registered limited liability limited partnership”, “RLLLP”, “limited liability
2 company”, or “LLC”, may not be taken into account.

3 (f) A person may consent in a record to the use of a name that is not distinguishable on
4 the records of the [Secretary of State] from its name except for the addition of a word, phrase, or
5 abbreviation indicating the type of person as provided in subsection (e). In such a case, the
6 person need not change its name pursuant to subsection (d).

7 (g) The name of a limited liability partnership or foreign limited liability partnership may
8 not contain the words [insert prohibited words or words that may be used only with approval by
9 the appropriate state agency].

10 **SECTION 1003. REGISTERED AGENT.**

11 (a) Each limited liability partnership and each registered foreign limited liability
12 partnership shall designate and maintain a registered agent in this state. The designation of a
13 registered agent pursuant to this subsection is an affirmation of fact by the limited liability
14 partnership or registered foreign limited liability partnership that the agent has consented to
15 serve.

16 (b) A registered agent for a limited liability partnership or registered foreign limited
17 liability partnership must have a place of business in this state.

18 (c) The only duties under this [act] of a registered agent that has complied with this [act]
19 are:

20 (1) to forward to the limited liability partnership or registered foreign limited
21 liability partnership at the address most recently supplied to the agent by the partnership any
22 process, notice, or demand pertaining to the partnership which is served on or received by the
23 agent;

24 (2) if the registered agent resigns, to provide the notice required by Section

1005(c) to the partnership at the address most recently supplied to the agent by the partnership;
and

(3) to keep current the information with respect to the agent in the statement of
qualification.

SECTION 1004. CHANGE OF REGISTERED AGENT OR ADDRESS FOR
REGISTERED AGENT.

(a) A limited liability partnership or registered foreign limited liability partnership may
change its registered agent or the address of its registered agent by delivering to the [Secretary of
State] for filing a statement of change which states:

(1) the name of the partnership or foreign partnership; and
(2) the information that is to be in effect as a result of the filing of the statement of
change.

(b) The partners of a limited liability partnership need not approve the filing of:

(1) a statement of change under this section; or
(2) a similar filing changing the registered agent or registered office, if any, of the
partnership in any other jurisdiction.

(c) A statement of change under this section designating a new registered agent is an
affirmation of fact by the limited liability partnership or registered foreign limited liability
partnership that the agent has consented to serve.

(d) As an alternative to using the procedure in this section, a limited liability partnership
or registered foreign limited liability partnership may amend its statement of qualification.

SECTION 1005. RESIGNATION OF REGISTERED AGENT.

(a) A registered agent may resign as an agent for a limited liability partnership or
registered foreign limited liability partnership by delivering to the [Secretary of State] for filing a

1 statement of resignation that states:

2 (1) the name of the partnership;

3 (2) the name of the agent;

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

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

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

10 (c) A registered agent shall promptly furnish to the limited liability partnership or
11 registered foreign limited liability partnership notice in a record of the date on which a statement
12 of resignation was filed.

13 (d) When a statement of resignation takes effect, the registered agent ceases to have
14 responsibility under this [act] for any matter thereafter tendered to it as agent for the limited
15 liability partnership or registered foreign limited liability partnership. The resignation does not
16 affect any contractual rights the partnership has against the agent or that the agent has against the
17 partnership.

18 (e) A registered agent may resign with respect to a limited liability partnership or
19 registered foreign limited liability partnership whether or not the partnership is in good standing.

20 **SECTION 1006. CHANGE OF NAME OR ADDRESS BY REGISTERED**
21 **AGENT.**

22 (a) If a registered agent changes its name or address, the agent may deliver to the
23 [Secretary of State] for filing a statement of change that states:

24 (1) the name of the limited liability partnership or registered foreign limited

liability partnership represented by the registered agent;

(2) the name of the agent as currently shown in the records of the [Secretary of State] for the partnership or registered foreign partnership;

(3) if the name of the agent has changed, its new name; and

(4) if the address of the agent has changed, its new address.

(b) A registered agent promptly shall furnish notice to the represented limited liability partnership or registered foreign limited liability partnership of the filing of the statement of change by the [Secretary of State] and the changes made by the statement.

SECTION 1007. SERVICE OF PROCESS, NOTICE, OR DEMAND.

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

(b) If a limited liability partnership or registered foreign limited liability partnership ceases to have a registered agent, or if its registered agent cannot with reasonable diligence be served, the partnership may be served by registered or certified mail, return receipt requested, or by similar commercial delivery service, addressed to the partnership at its principal office. The address of the principal office must be as shown in the partnership's most recent [annual] [biennial] report filed by the [Secretary of State]. Service is effected under this subsection on the earliest of:

(1) the date the partnership receives the mail or delivery by the commercial delivery service;

(2) the date shown on the return receipt, if signed by the partnership; or

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

1 (c) If process, notice, or demand cannot be served on a partnership or registered foreign
2 limited liability partnership pursuant to subsection (a) or (b), service may be made by handing a
3 copy to the individual in charge of any regular place of business of the partnership if the
4 individual served is not a plaintiff in the action.

5 (d) Service of process, notice, or demand on a registered agent must be in a written
6 record.

7 (e) Service of process, notice, or demand may be made by other means under law other
8 than this [act].

9 **SECTION 1003 1008. ANNUAL [ANNUAL] [BIENNIAL] REPORT FOR**
10 **[SECRETARY OF STATE].**

11 (a) ~~A~~ Each limited liability partnership and a registered foreign limited liability
12 partnership ~~authorized to transact business in this State shall file an annual report in the office of~~
13 deliver to the [Secretary of State] for filing [an annual] [a biennial] report which contains that
14 states:

15 (1) the name of the partnership ~~and the State or other jurisdiction under whose~~
16 ~~laws the foreign limited liability partnership is formed~~ or foreign partnership;

17 (2) ~~the street address of the partnership's chief executive office and, if different,~~
18 ~~the street address of an office of the partnership in this State, if any; and~~ the name and street
19 and mailing addresses of its registered agent in this state;

20 (3) ~~if the partnership does not have an office in this State state, the name and~~
21 ~~street address of the partnership's current agent for service of process.~~ the street and mailing
22 addresses of its principal office;

23 (4) the name of at least one partner; and

24 (5) in the case of a foreign partnership, its jurisdiction of formation and any

1 alternate name adopted under Section 1106.

2 (b) Information in [an annual] [a biennial] report must be current as of the date the
3 report is signed by the limited liability partnership or registered foreign limited liability
4 partnership.

5 ~~(b) (c) An annual report must be filed between [January 1 and April 1] of each year~~
6 ~~following the calendar year in which a partnership files a statement of qualification or a foreign~~
7 ~~partnership becomes authorized to transact business in this State. The first [annual] [biennial]~~
8 ~~report must be delivered to the [Secretary of State] after [January 1] and before [April 1] of the~~
9 ~~year following the calendar year in which the limited liability partnership's statement of~~
10 ~~qualification became effective or the foreign limited liability partnership registered to do~~
11 ~~business in this state. Subsequent [annual] [biennial] reports must be delivered to the~~
12 ~~[Secretary of State] after [January 1] and before [April 1] of each [second] calendar year~~
13 ~~thereafter.~~

14 (d) If [an annual] [a biennial] report does not contain the information required by this
15 section, the [Secretary of State] promptly shall notify the reporting limited liability partnership
16 or registered foreign limited liability partnership in a record and return the report for
17 correction.

18 (e) If [an annual] [a biennial] report contains the name or address of a registered agent
19 which differs from the information shown in the records of the [Secretary of State]
20 immediately before the [annual] [biennial] report becomes effective, the differing information
21 in the [annual] [biennial] report is considered a statement of change under Section 1004.

22 **SECTION 1009. ADMINISTRATIVE REVOCATION OF STATEMENT OF**
23 **QUALIFICATION.**

24 ~~(e)~~ (a) The [Secretary of State] may commence a proceeding under subsections (b) and

1 (c) to revoke the statement of qualification of a limited liability partnership ~~that fails to file an~~
2 ~~annual report when due or pay the required filing fee.~~ administratively if the partnership does
3 ~~not:~~

4 (1) pay any fee, tax, or penalty required to be paid to the [Secretary of State] not
5 later than [six months] after it is due;

6 (2) deliver [an annual] [a biennial] report to the [Secretary of State] not later
7 than [six months] after it is due; or

8 (3) have a registered agent in this state for [60] consecutive days.

9 (b) ~~To do so, the [Secretary of State] shall provide the partnership at least 60 days'~~
10 ~~written notice of intent to revoke the statement. The notice m be mailed to the partnership at its~~
11 ~~chief executive office set forth in the last filed statement of qualification or annual report. The~~
12 ~~notice must specify the annual report that has not been filed, the fee that has not been paid, and~~
13 ~~the effective date of the revocation. The revocation is not effective if the annual report is filed~~
14 ~~and the fee is paid before the effective date of the revocation~~ If the [Secretary of State]
15 determines that one or more grounds exist for administratively revoking a statement of
16 qualification, the [Secretary of State] shall serve the partnership with notice in a record of the
17 [Secretary of State's] determination.

18 (c) If a limited liability partnership, not later than [60] days after service of the notice is
19 effected under subsection (b), does not cure each ground for revocation or demonstrate to the
20 satisfaction of the [Secretary of State] that each ground determined by the [Secretary of State]
21 does not exist, the [Secretary of State] shall administratively revoke the statement of
22 qualification by signing a statement of administrative revocation that recites the grounds for
23 revocation and the effective date of the revocation. The [Secretary of State] shall file the
24 statement and serve a copy on the partnership pursuant to Section 116.

1 (D) AN ADMINISTRATIVE REVOCATION UNDER SUBSECTION (C) AFFECTS ONLY A
2 PARTNERSHIP'S STATUS AS A LIMITED LIABILITY PARTNERSHIP AND IS NOT AN EVENT CAUSING
3 DISSOLUTION OF THE PARTNERSHIP.

4 (e) The administrative revocation of a statement of qualification of a limited liability
5 partnership does not terminate the authority of its registered agent.

6 **SECTION 1010. REINSTATEMENT.**

7 (a) A partnership whose statement of qualification has been revoked administratively
8 under Section 1010 may apply to the [Secretary of State] for reinstatement of the statement of
9 qualification [not later than two years] after the effective date of the revocation. The application
10 must state:

11 (1) the name of the partnership at the time of the administrative revocation of its
12 statement of qualification and, if needed, a different name that satisfies Section 1002;

13 (2) the address of the principal office of the partnership and the name and
14 address of its registered agent;

15 (3) the effective date of administrative revocation of the partnership's statement
16 of qualification; and

17 (4) that the grounds for revocation did not exist or have been cured.

18 (b) To have its statement of qualification reinstated, a partnership must pay all fees,
19 taxes, and penalties that were due to the [Secretary of State] at the time of the administrative
20 revocation and all fees, taxes, and penalties that would have been due to the [Secretary of
21 State] while the partnership's statement of qualification was revoked administratively.

22 (c) If the [Secretary of State] determines that the application contains the information
23 required by subsection (a), is satisfied that the information is correct, and determines that all
24 payments required to be made to the [Secretary of State] by subsection (b) have been made, the

1 [Secretary of State] shall cancel the statement of revocation and prepare a statement of
2 reinstatement that states the [Secretary of State's] determination and the effective date of
3 reinstatement, file the statement, and serve a copy on the partnership.

4 (d) When reinstatement under this section is effective:

5 (1) it relates back to and takes effect as of the effective date of the administrative
6 revocation; and

7 (2) the partnership's status as a limited liability partnership continues as if the
8 revocation had never occurred, except for the rights of a person arising out of an act or omission
9 in reliance on the revocation before the person knew or had notice of the reinstatement.

10 **SECTION 1011. JUDICIAL REVIEW OF DENIAL OF REINSTATEMENT.**

11 (a) If the [Secretary of State] denies a partnership's application for reinstatement
12 following administrative revocation of the partnership's statement of qualification, the [Secretary
13 of State] shall serve the partnership with notice in a record that explains the reasons for the
14 denial.

15 (b) A partnership may seek judicial review of denial of reinstatement in [the appropriate
16 court] not later than [30] days after service of the notice of denial.

17 **SECTION 1012. RESERVATION OF NAME.**

18 (a) A person may reserve the exclusive use of a name by delivering an application to the
19 [Secretary of State] for filing. The application must state the name and address of the applicant
20 and the name to be reserved. If the [Secretary of State] finds that the name is available, the
21 [Secretary of State] shall reserve the name for the applicant's exclusive use for a period of 120
22 days.

23 (b) The owner of a reserved name may transfer the reservation to another person that is
24 not an individual by delivering to the [Secretary of State] a signed notice in a record of the

1 transfer which states the name and address of the transferee.

2 **SECTION 1013. REGISTRATION OF NAME.**

3 (a) A foreign limited liability partnership not registered to do business in this state under
4 [Article] 11 may register its name, or an alternate name adopted pursuant to Section 1002, if the
5 name is distinguishable upon on the records of the [Secretary of State] from the names that are
6 not available under Section 1002.

7 (b) To register its name or an alternate name adopted pursuant to Section 1002, a foreign
8 limited liability partnership must deliver to the [Secretary of State] for filing an application
9 stating the partnership's name, the jurisdiction and date of its formation, and any alternate name
10 adopted pursuant to Section 1002. If the [Secretary of State] finds that the name applied for is
11 available, the [Secretary of State] shall register the name for the applicant's exclusive use.

12 (c) The registration of a name under this section is effective for [one year] after the date
13 of registration.

14 (d) A foreign limited liability partnership whose name registration is effective may renew
15 the registration for successive one-year periods by delivering, not earlier than [three months]
16 before the expiration of the registration, to the [Secretary of State] for filing a renewal
17 application that complies with this section. When filed, the renewal application renews the
18 registration for a succeeding one-year period.

19 (e) A foreign limited liability partnership whose name registration is effective may
20 register as a foreign limited liability company under the registered name or consent in a signed
21 record to the use of that name by another person that is not an individual.

1 [ARTICLE] 11

2 FOREIGN LIMITED LIABILITY PARTNERSHIP

3 SECTION 1101. GOVERNING LAW.

4 (a) The law ~~under~~ of the jurisdiction in which the statement of qualification of a foreign
5 limited liability partnership is ~~formed~~ filed governs ~~relations among the partners and between the~~
6 ~~partners and~~;

7 (1) the internal affairs of the partnership; and

8 (2) ~~the partnership and the liability of partners for obligations~~ a partner as partner
9 for a debt, obligation, or liability of the partnership.

10 (b) A foreign limited liability partnership ~~may~~ is not ~~be denied a statement of foreign~~
11 ~~qualification by reason~~ precluded from registering to do business in this state because of any
12 difference between the law of the jurisdiction under which the partnership ~~was formed~~ is
13 recognized and the law of this ~~State~~ state.

14 (c) ~~A statement of foreign qualification~~ Registration of a foreign limited liability
15 partnership to do business in this state does not authorize a ~~the~~ foreign limited liability
16 partnership to engage in any business or exercise any power that a domestic partnership may not
17 engage in or exercise in this ~~State~~ state as a limited liability partnership.

18 ~~SECTION 1102. STATEMENT OF FOREIGN QUALIFICATION.~~

19 ~~(a) Before transacting business in this State, a foreign limited liability partnership must~~
20 ~~file a statement of foreign qualification. The statement must contain:~~

21 ~~(1) the name of the foreign limited liability partnership which satisfies the~~
22 ~~requirements of the State or other jurisdiction under whose law it is formed and ends with~~
23 ~~“Registered Limited Liability Partnership”, “Limited Liability Partnership”, “R.L.L.P.”,~~
24 ~~“L.L.P.”, “RLLP,” or “LLP”;~~

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

3 ~~(3) if there is no office of the partnership in this State, the name and street address~~
4 ~~of the partnership's agent for service of process; and~~

5 ~~(4) a deferred effective date, if any.~~

6 ~~(b) The agent of a foreign limited liability company for service of process must be an~~
7 ~~individual who is a resident of this State or other person authorized to do business in this State.~~

8 ~~(c) The status of a partnership as a foreign limited liability partnership is effective on the~~
9 ~~later of the filing of the statement of foreign qualification or a date specified in the statement.~~

10 ~~The status remains effective, regardless of changes in the partnership, until it is canceled~~
11 ~~pursuant to Section 105(d) or revoked pursuant to Section 1003.~~

12 ~~(d) An amendment or cancellation of a statement of foreign qualification is effective~~
13 ~~when it is filed or on a deferred effective date specified in the amendment or cancellation.~~

14 **SECTION 1102. REGISTRATION TO DO BUSINESS IN THIS STATE.**

15 (a) A foreign limited liability partnership may not do business in this state until it
16 registers with the [Secretary of State] under this [article].

17 (b) A foreign limited liability partnership doing business in this state may not maintain
18 an action or proceeding in this state unless it has registered to do business in this state.

19 (c) The failure of a foreign limited liability partnership to register to do business in this
20 state does not impair the validity of a contract or act of the foreign partnership or preclude it
21 from defending an action or proceeding in this state.

22 (d) A limitation on the liability of a partner of a foreign limited liability partnership is
23 not waived solely because the partnership does business in this state without registering to do
24 business in this state.

1 (e) Section 1101(a) and (b) applies even if a foreign limited liability partnership fails to
2 register under this [article].

3 **SECTION 1103. FOREIGN REGISTRATION STATEMENT.** To register to do
4 business in this state, a foreign limited liability partnership must deliver a foreign registration
5 statement to the [Secretary of State] for filing. The statement must state:

6 (1) the name of the foreign limited liability partnership and, if the name does not
7 comply with Section 1002, an alternate name adopted pursuant to Section 1106(a);

8 (2) that the partnership is a foreign limited liability partnership;

9 (3) the jurisdiction in which the partnership's statement of qualification is filed;

10 (4) the street and mailing addresses of the partnership's principal office and, if the law
11 of the jurisdiction in which the partnership's statement of qualification is filed requires the
12 partnership to maintain an office in that jurisdiction, the street and mailing addresses of the
13 required office; and

14 (5) the name and street and mailing addresses of the partnership's registered agent in this
15 state.

16 **SECTION 1104. AMENDMENT OF FOREIGN REGISTRATION STATEMENT.**

17 A registered foreign limited liability partnership shall deliver to the [Secretary of State] for
18 filing an amendment to its foreign registration statement if there is a change in:

19 (1) the name of partnership;

20 (2) the partnership's jurisdiction of formation;

21 (3) an address required by Section 1103(4); or

22 (4) the information required by Section 1103(5).

1 **~~SECTION 1103. EFFECT OF FAILURE TO QUALIFY.~~**

2 ~~(a) A foreign limited liability partnership transacting business in this State may not~~
3 ~~maintain an action or proceeding in this State unless it has in effect a statement of foreign~~
4 ~~qualification.~~

5 ~~(b) The failure of a foreign limited liability partnership to have in effect a statement of~~
6 ~~foreign qualification does not impair the validity of a contract or act of the foreign limited~~
7 ~~liability partnership or preclude it from defending an action or proceeding in this State.~~

8 ~~(c) A limitation on personal liability of a partner is not waived solely by transacting~~
9 ~~business in this State without a statement of foreign qualification.~~

10 ~~(d) If a foreign limited liability partnership transacts business in this State without a~~
11 ~~statement of foreign qualification, the [Secretary of State] is its agent for service of process with~~
12 ~~respect to a right of action arising out of the transaction of business in this State.~~

13 **~~SECTION 1104. ACTIVITIES NOT CONSTITUTING TRANSACTING~~**
14 **~~BUSINESS.~~**

15 ~~(a) Activities of a foreign limited liability partnership which do not constitute transacting~~
16 ~~business for the purpose of this [article] include:~~

17 ~~(1) maintaining, defending, or settling an action or proceeding;~~

18 ~~(2) holding meetings of its partners or carrying on any other activity concerning~~
19 ~~its internal affairs;~~

20 ~~(3) maintaining bank accounts;~~

21 ~~(4) maintaining offices or agencies for the transfer, exchange, and registration of~~
22 ~~the partnership's own securities or maintaining trustees or depositories with respect to those~~
23 ~~securities;~~

24 ~~(5) selling through independent contractors;~~

1 ~~(6) soliciting or obtaining orders, whether by mail or through employees or agents~~
2 ~~or otherwise, if the orders require acceptance outside this State before they become contracts;~~

3 ~~(7) creating or acquiring indebtedness, with or without a mortgage, or other~~
4 ~~security interest in property;~~

5 ~~(8) collecting debts or foreclosing mortgages or other security interests in~~
6 ~~property securing the debts, and holding, protecting, and maintaining property so acquired;~~

7 ~~(9) conducting an isolated transaction that is completed within 30 days and is not~~
8 ~~one in the course of similar transactions; and~~

9 ~~(10) transacting business in interstate commerce.~~

10 ~~(b) For purposes of this [article], the ownership in this State of income producing real~~
11 ~~property or tangible personal property, other than property excluded under subsection (a),~~
12 ~~constitutes transacting business in this State.~~

13 ~~(c) This section does not apply in determining the contacts or activities that may subject a~~
14 ~~foreign limited liability partnership to service of process, taxation, or regulation under any other~~
15 ~~law of this State.~~

16 **SECTION 1105. ACTIVITIES NOT CONSTITUTING DOING BUSINESS.**

17 (a) Activities of a foreign limited liability partnership which do not constitute doing
18 business in this state under this [article] include:

19 (1) maintaining, defending, mediating, arbitrating, and settling an action or
20 proceeding;

21 (2) carrying on any activity concerning its internal affairs, including meetings of
22 its partners;

23 (3) maintaining accounts in financial institutions;

24 (4) maintaining offices or agencies for the transfer, exchange, and registration of

securities of the partnership or maintaining trustees or depositories with respect to those securities;

(5) selling through independent contractors;

(6) soliciting or obtaining orders by any means if the orders require acceptance outside this state before they become contracts;

(7) creating or acquiring indebtedness, mortgages, or security interests in property;

(8) securing or collecting debts or enforcing mortgages or security interests in property securing the debts, and holding, protecting, and maintaining property;

(9) conducting an isolated transaction that is not in the course of similar transactions;

(10) owning, without more, property; and

(11) doing business in interstate commerce.

(b) A person does not do business in this state solely by being a partner of a foreign limited liability partnership that does 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 law of this state other than this [act].

SECTION 1106. NONCOMPLYING NAME OF FOREIGN LIMITED

LIABILITY PARTNERSHIP.

(a) A foreign limited liability partnership whose name does not comply with Section 1002 may not register to do business in this state until it adopts, for the purpose of doing business in this state, an alternate name that complies with Section 1002. A registered foreign limited liability partnership that registers under an alternate name under this subsection need not

1 comply with [this state's assumed or fictitious name statute]. After registering to do business in
2 this state with an alternate name, a registered foreign partnership shall do business in this state
3 under:

4 (1) the alternate name;

5 (2) the partnership's name, with the addition of its jurisdiction of formation
6 clearly identified; or

7 (3) an assumed or fictitious name the partnership is authorized to use under [this
8 state's assumed or fictitious name statute].

9 (b) If a registered foreign limited liability partnership changes its name to one that does
10 not comply with Section 1002, it may not do business in this state until it complies with
11 subsection (a) by amending its registration to adopt an alternate name that complies with Section
12 1002.

13 **SECTION 1107. WITHDRAWAL DEEMED ON CONVERSION TO DOMESTIC**
14 **FILING ENTITY OR DOMESTIC LIMITED LIABILITY PARTNERSHIP.** A registered
15 foreign limited liability partnership that converts to a domestic limited liability partnership or to
16 a domestic entity that is organized, incorporated, or otherwise formed through the delivery of a
17 record to the [Secretary of State] for filing is deemed to have withdrawn its registration on the
18 effective date of the conversion.

19 **SECTION 1108. WITHDRAWAL ON DISSOLUTION OR CONVERSION TO**
20 **NONFILING ENTITY OTHER THAN LIMITED LIABILITY PARTNERSHIP.**

21 (a) A registered foreign limited liability partnership that has dissolved and completed
22 winding up or has converted to a domestic or foreign entity that is not organized, incorporated,
23 or otherwise formed through the public filing of a record, other than a limited liability
24 partnership, shall deliver a statement of withdrawal to the [Secretary of State] for filing. The

1 statement must state:

2 (1) in the case of foreign limited liability partnership that has completed winding
3 up:

4 (A) its name and the jurisdiction in which the partnership's statement of
5 qualification is filed;

6 (B) that the partnership surrenders its registration to do business in this
7 state; and

8 (2) in the case of a foreign partnership that has converted:

9 (A) the name of the converting partnership and the jurisdiction in which
10 the partnership's statement of qualification is filed;

11 (B) the type of entity to which the partnership has converted and its
12 jurisdiction of formation;

13 (C) that the converted entity surrenders the converting partnership's
14 registration to do business and revokes the authority of the converting partnership's registered
15 agent to act as registered agent in this state; and

16 (D) a mailing address to which service of process may be made under
17 subsection (b).

18 (b) After a withdrawal under this section of a foreign limited liability partnership that
19 has converted to another type of entity is effective, service of process in any action or
20 proceeding based on a cause of action arising during the time the foreign limited liability
21 partnership was registered to do business in this state may be made pursuant to Section 1007.

22 **SECTION 1109. TRANSFER OF REGISTRATION.**

23 (a) When a registered foreign limited liability partnership has merged into a foreign
24 entity that is not registered to do business in this state or has converted to a foreign entity

1 required to register with the [Secretary of State] to do business in this state, the foreign entity
2 shall deliver to the [Secretary of State] for filing an application for transfer of registration. The
3 application must state:

4 (1) the name of the registered foreign limited partnership before the merger or
5 conversion;

6 (2) that before the merger or conversion the registration pertained to a foreign
7 limited liability partnership;

8 (3) the name of the applicant foreign entity into which the foreign limited
9 liability partnership has merged or to which it has been converted, and, if the name does not
10 comply with Section 1002, an alternate name adopted pursuant to Section 1106(a);

11 (4) the type of entity of the applicant foreign entity and its jurisdiction of
12 formation; and

13 (5) the street and mailing addresses of the principal office of the applicant
14 foreign entity and, if the law of that entity's jurisdiction of formation requires the entity to
15 maintain an office in that jurisdiction, the street and mailing addresses of that office; and

16 (6) the name and street and mailing addresses of the applicant foreign entity's
17 registered agent in this state.

18 (b) When an application for transfer of registration takes effect, the registration of the
19 foreign limited liability limited partnership to do business in this state is transferred without
20 interruption to the foreign entity into which it the partnership has merged or to which it has
21 been converted.

22 **SECTION 1110. TERMINATION OF REGISTRATION.**

23 (a) The [Secretary of State] may terminate the registration of a registered foreign
24 limited liability partnership in the manner provided in subsections (b) and (c) if the partnership

1 does not:

2 (1) pay, not later than [60 days] after the due date, any fee, tax, interest, or
3 penalty required to be paid to the [Secretary of State] under this [act] or law other than this
4 [act];

5 (2) deliver to the [Secretary of State] for filing, not later than [60 days] after the
6 due date, [an annual] [a biennial] report required under Section 1009;

7 (3) have a registered agent as required by Section 1003; or

8 (4) deliver to the [Secretary of State] for filing a statement of a change under
9 Section 1004 not later than 30 days after a change has occurred in the name or address of the
10 registered agent.

11 (b) The [Secretary of State] may terminate the registration of a registered foreign
12 limited liability partnership by:

13 (1) filing a notice of termination or noting the termination in the records of the
14 [Secretary of State]; and

15 (2) delivering a copy of the notice or the information in the notation to the
16 foreign limited liability partnership's registered agent, or if the partnership does not have a
17 registered agent, to the partnership's principal office.

18 (c) A notice or information in a notation under subsection (b) must include:

19 (1) the effective date of the termination, which must be at least [60 days] after the
20 date the [Secretary of State] delivers the copy; and

21 (2) the grounds for termination under subsection (a).

22 (d) The authority of a registered foreign limited liability partnership to do business in
23 this state ceases on the effective date of the notice of termination or notation under subsection
24 (b), unless before that date the partnership cures each ground for termination stated in the

1 notice or notation. If the partnership cures each ground, the [Secretary of State] shall file a
2 record so stating.

3 **SECTION 1111. WITHDRAWAL OF REGISTRATION OF REGISTERED**
4 **FOREIGN LIMITED LIABILITY PARTNERSHIP.**

5 (a) A registered foreign limited liability partnership may withdraw its registration by
6 delivering a statement of withdrawal to the [Secretary of State] for filing. The statement of
7 withdrawal must state:

8 (1) the name of the partnership and its jurisdiction of formation;

9 (2) that the partnership is not doing business in this state and that it withdraws
10 its registration to do business in this state;

11 (3) that the partnership revokes the authority of its registered agent to accept
12 service on its behalf in this state; and

13 (4) an address to which service of process may be made under subsection (b).

14 (b) After the withdrawal of the registration of a foreign limited liability partnership,
15 service of process in any action or proceeding based on a cause of action arising during the time
16 the partnership was registered to do business in this state may be made pursuant to Section 1007.

17 **SECTION 1105 1112. ACTION BY [ATTORNEY GENERAL].** The [Attorney
18 General] may maintain an action to ~~restrain~~ enjoin a foreign limited liability partnership from
19 ~~transacting doing~~ business in this ~~State~~ state in violation of this [article].

20 **[ARTICLE] 12**

21 **MISCELLANEOUS PROVISIONS**

22 **SECTION 1201. UNIFORMITY OF APPLICATION AND CONSTRUCTION.**

23 ~~This [Act] shall be applied and construed to effectuate its general purpose to make uniform the~~
24 ~~law with respect to the subject of this [Act] among States enacting it.~~ In applying and construing

1 this uniform act, consideration must be given to the need to promote uniformity of the law with
2 respect to its subject matter among states that enact it.

3 ~~SECTION 1202. SHORT TITLE.~~ This [Act] may be cited as the Uniform Partnership
4 Act (1997).

5 ~~SECTION 1203~~ **1202. SEVERABILITY CLAUSE.** If any provision of this [Act] [act]
6 or its application to any person or circumstance is held invalid, the invalidity does not affect
7 other provisions or applications of this [Act] [act] which can be given effect without the invalid
8 provision or application, and to this end the provisions of this [Act] [act] are severable.

9 ***Legislative Note:** Include this section only if this state lacks a general severability statute or*
10 *decision by the highest court of this state stating a general rule of severability.*

11
12 **SECTION 1203. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL**
13 **AND NATIONAL COMMERCE ACT.** This [act] modifies, limits, or supersedes the
14 Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Section 7001 et seq., but
15 this [act] does not modify, limit, or supersede Section 101(c) of that act, 15 U.S.C. Section
16 7001(c), or authorize electronic delivery of any of the notices described in Section 103(b) of that
17 act, 15 U.S.C. Section 7003(b).

18 ~~SECTION 1204. EFFECTIVE DATE.~~ This [Act] takes effect

19 ~~SECTION 1205. REPEALS.~~ Effective January 1, ____, the following acts and parts of
20 acts are repealed: [the State Partnership Act as amended and in effect immediately before the
21 effective date of this [Act]].

22 ~~SECTION 1205~~ **1204. APPLICABILITY APPLICATION TO EXISTING**
23 **RELATIONSHIPS.**

24 (a) ~~Before January 1, ____, this [Act] governs only a partnership formed:~~
25 (1) ~~after the effective date of this [Act], except a partnership that is continuing the~~
26 ~~business of a dissolved partnership under [Section 41 of the superseded Uniform Partnership~~

1 Act]; and

2 (2) before the effective date of this [Act], that elects, as provided by subsection
3 (e), to be governed by this [Act].

4 (b) On and after January 1, ____, this [Act] governs all partnerships.

5 (c) Before January 1, ____, a partnership voluntarily may elect, in the manner provided in
6 its partnership agreement or by law for amending the partnership agreement, to be governed by
7 this [Act]. The provisions of this [Act] relating to the liability of the partnership's partners to
8 third parties apply to limit those partners' liability to a third party who had done business with
9 the partnership within one year before the partnership's election to be governed by this [Act]
10 only if the third party knows or has received a notification of the partnership's election to be
11 governed by this [Act].

12 (a) Before [all-inclusive date], this [act] governs only:

13 (1) a partnership formed on or after [the effective date of this [act]]; and

14 (2) except as otherwise provided in subsections (c) and (d), a partnership formed
15 before [the effective date of this [act]] which elects, in the manner provided in its partnership
16 agreement or by law for amending the partnership agreement, to be subject to this [act].

17 (b) Except as otherwise provided in subsection (c), on and after [all-inclusive date] this
18 [act] governs all partnerships.

19 (c) With respect to a partnership that elects pursuant to subsection (a)(2) to be subject to
20 this [act], after the election takes effect the provisions of this [act] relating to the liability of the
21 partnership's partners to third parties apply:

22 (1) before [all-inclusive date], to:

23 (A) a third party that had not done business with the partnership in the
24 year before the election took effect; and

1 (B) a third party that had done business with the partnership in the year
2 before the election took effect only if the third party knows or has received a notification of the
3 election; and

4 (2) on and after [all-inclusive date], to all third parties, but those provisions
5 remain inapplicable to any obligation incurred while those provisions were inapplicable under
6 paragraph (1)(B).

7 **SECTION ~~1206~~ 1205. SAVINGS CLAUSE.** This ~~[Act]~~ [act] does not affect an action
8 or proceeding commenced or right accrued before this ~~[Act]~~ [act] takes effect.

9 **SECTION ~~1207~~ 1206. EFFECTIVE DATE.** ~~These [Amendments] take~~ This [act]
10 takes effect . . .

11 **SECTION ~~1208~~ 1207. REPEALS.** ~~Effective January 1, __, the following acts and parts~~
12 ~~of acts are repealed: [the Limited Liability Partnership amendments to the State Partnership Act~~
13 ~~as amended and in effect immediately before the effective date of these [Amendments]].~~ The
14 following are repealed:

15 (1) [the State Partnership Act as [amended, and as] in effect immediately before [the
16 effective date of this [Act]].

17 (2)

18 (3)

19 **~~SECTION 1210. APPLICABILITY.~~**

20 ~~(a) Before January 1, __, these [Amendments] govern only a limited liability partnership~~
21 ~~formed:~~

22 ~~(1) on or after the effective date of these [Amendments], unless that partnership is~~
23 ~~continuing the business of a dissolved limited liability partnership; and~~

24 ~~(2) before the effective date of these [Amendments], that elects, as provided by~~

1 subsection (c), to be governed by these [Amendments].

2 (b) On and after January 1, __, these [Amendments] govern all partnerships.

3 (c) ~~Before January 1, __, a partnership voluntarily may elect, in the manner provided in~~
4 ~~its partnership agreement or by law for amending the partnership agreement, to be governed by~~
5 ~~these [Amendments]. The provisions of these [Amendments] relating to the liability of the~~
6 ~~partnership's partners to third parties apply to limit those partners' liability to a third party who~~
7 ~~had done business with the partnership within one year before the partnership's election to be~~
8 ~~governed by these [Amendments], only if the third party knows or has received a notification of~~
9 ~~the partnership's election to be governed by these [Amendments].~~

10 (d) ~~The existing provisions for execution and filing a statement of qualification of a~~
11 ~~limited liability partnership continue until either the limited liability partnership elects to have~~
12 ~~this [Act] apply or January 1, ____.~~

13 **SECTION ~~1211~~ 1208. SAVINGS CLAUSE.** ~~These [Amendments] do not affect an~~
14 ~~action or proceeding commenced or right accrued before these [Amendments] take effect. This~~
15 ~~[act] does not affect an action commenced, proceeding brought, or right accrued before [the~~
16 ~~effective date of this [act]].~~