

Uniform Law Commission

Uniform Unincorporated Organization Acts

Drafting Committee

March 11-12, 2022

AGENDA*

- 1) Definition of “partnership” and related issues in UPA [JEB Report, Issue # 1].
 - UPA (2013) §§ 102, 202, 302
 - ULPA?
 - ULLCA?
 - UPSA?
 - USTEA?
 - META?
 - UBOC?
- 2) Dissolution and rescission [JEB Report, Issue # 2].
 - UPA (2013) § 801, 803
 - ULPA?
 - ULLCA?
 - UPSA?
 - USTEA?
 - META?
 - UBOC?
- 3) Definitions of Domestic and Foreign Entities and applicability of charging order provisions to foreign entities [JEB Report, Issue # 3].
 - UPA (2013) §§ 504 (charging orders) and 1101 (fundamental transactions)
 - ULPA?
 - ULLCA § 503
 - UPSA?
 - USTEA?
 - META?
 - UBOC?

* The items on the Agenda are drawn from, and listed in the order provided in, a Report to the ULC’s Executive Committee dated June 28, 2020, submitted by our Committee Chair Lisa Jacobs in her capacity at the time as Chair of the Joint Editorial Board on Uniform Unincorporated Organization Acts. The Report was previously distributed. It recommended formation of a drafting committee to address the items listed. The various Uniform Acts following each Agenda item are provided to prompt consideration of whether any corresponding change should be made to other Uniform Acts.

- 4) Definition of Domestication (and related definitions) [JEB Report, Issue # 4].
 - UPA (2013) § 1102
 - ULPA?
 - ULLCA?
 - UPSA?
 - USTEA?
 - META?
 - UBOC?
- 5) Competition; Taking of Entity Opportunity [JEB Report, Issue # 5].
 - UPA?
 - ULPA?
 - ULLCA § 409
 - UPSA?
 - USTEA?
 - META?
 - UBOC?
- 6 and 7) Sharing of profits and losses in a general partnership [JEB Report, Issues ## 6 and 7].
 - UPA (2013) §§ 401, 405, 806, 901
 - ULPA?
 - ULLCA?
 - UPSA?
 - USTEA?
 - META?
 - UBOC?
- 8) Charging Orders: Should charging orders in a multiple-member entity be the sole remedy when all the interests are owned by debtors of the same creditor? Other charging order issues and inconsistencies? [JEB Report, Issue # 8]
 - UPA (2013) § 504
 - ULPA?
 - ULLCA? § 503
 - UPSA?
 - USTEA?
 - META?
 - UBOC?
- 9) Notice to creditors/discharge during dissolution; how the act should deal with obligations incurred when the dissolved partnership was not an LLP [JEB Report, Issue # 9].
 - UPA (2013) §§ 807, 808, 810
 - ULPA?
 - ULLCA?
 - UPSA?

- USTEA?
- META?
- UBOC?

10) The Terms “Protected Series” and “Series”: Conforming to the usage of the Protected Series Act (“protected series”) throughout the Unincorporated Organization Acts (perhaps including USTEA) [JEB Report, Issue # 10]. [*The Committee has not yet considered this issue. The reporters reviewed the sections in ULPA where “series” appears.*]

- UPA?
- ULPA § 1001
- ULLCA?
- UPSA?
- USTEA?
- META?
- UBOC?

11) Protected Agreements [JEB Report, Issue # 11].

- UPA (2013) §§ 1101, 1131, 1141, 1151
- ULPA?
- ULLCA?
- UPSA?
- USTEA?
- META?
- UBOC?

12) Limited liability [JEB Report, Issue # 12]. [*No changes proposed.*]

13) UPSA Merger Provisions.

- UPA? – no
- ULPA – no
- ULLCA – no
- UPSA §§ 602, 603
- USTEA – no
- META?
- UBOC – no

14) Proposed changes from the Corporate Laws Committee based on its preparation of the spoke version of the MBCA [See attached Memorandum to the UUOA Drafting Committee from William H. Clark, Jr., dated February 26, 2022] .

- UPA?
- ULPA?
- ULLCA?
- UPSA?
- USTEA?
- META?

- UBOC?

**Proposed Black Letter Changes to
Unincorporated Organization Acts**

For Discussion at a Meeting of the
UUOA Drafting Committee on
March 11-12, 2022

Issue 1

SECTION 102. DEFINITIONS. In this [act]:

* * *

(9) “Limited liability partnership”, except in the phrase “foreign limited liability partnership” and **as otherwise defined** in [Article] 11, means a partnership that has filed a statement of qualification under Section 901 and does not have a similar statement in effect in any other jurisdiction.

* * *

(11) “Partnership”, **includes a limited liability partnership and,** except **as otherwise defined** in [Article] 11, means an ~~association of two or more persons to carry on as co-owners a business for profit~~ **entity that is** formed under this [act] or becomes subject to this [act] under **Section 104, Section 110, or** [Article] 11 ~~or Section 110~~.

* * *

SECTION 202. FORMATION OF PARTNERSHIP.

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

(b) An association formed under a statute other than this [act], a predecessor statute, or a comparable statute of another jurisdiction is not a partnership under this [act], **unless the association becomes subject to this [act] under Section 104, Section 110, or [Article 11].**

* * *

SECTION 302. TRANSFER OF PARTNERSHIP PROPERTY.

* * *

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

Issue 2

SECTION 801. EVENTS CAUSING DISSOLUTION. A partnership is dissolved, and its business must be wound up, upon the occurrence of any of the following:

(1) in a partnership at will, the partnership knows or has notice of a person's express will to withdraw as a partner, other than a ~~partner person~~ that has dissociated as a partner under Section 601(2) through (10), but, if the person has specified a withdrawal date later than the date the partnership knew or had notice, on the later date;

* * *

(5) on application by a transferee, the entry by [the appropriate court] of an order dissolving the partnership on the ground that it is equitable to wind up the partnership business:

* * *

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

(6) the passage of 90 consecutive days during which the partnership has only one partner; or

(7) the passage of 90 consecutive days during which the partnership has no partners, unless before the end of the period:

(A) consent to admit at least two specified persons as partners is given by transferees owning the rights to receive a majority of distributions as transferees at the time the consent is to be effective; and

(B) at least two specified persons become partners in accordance with the consent.

SECTION 803. RESCINDING DISSOLUTION.

(a) A partnership may rescind its dissolution, unless a statement of termination applicable to the partnership has become 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 affirmative vote or consent of each partner; ~~and~~

(2) if the dissolution occurred under Section 801(1), the affirmative vote or consent of the person whose express will to withdraw as a partner caused the dissolution; and

~~(2)~~ **(3)** if the partnership has delivered to the [Secretary of State] for filing a statement of dissolution and:

* * *....

(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, **a partner, or a person dissociated as a partner** after the dissolution and before the rescission has become 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.

Issue 3

UPA

[*Note: There is a separate set of changes to § 504 under issue 8.*]
SECTION 504. CHARGING ORDER.

(a) On application by a judgment creditor of a partner or transferee **of a partnership or foreign partnership**, a court 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 judgment debtor's transferable interest and requires the partnership to pay over to the person to which the charging order was issued any distribution that otherwise would be paid to the judgment debtor.

(b) To the extent necessary to effectuate the collection of distributions pursuant to a charging order in effect under subsection (a), the court may:

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

(2) make all other orders necessary to give effect to the charging order.

(c) Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the transferable interest. The purchaser at the foreclosure sale obtains only the transferable interest, does not thereby become a partner, and is subject to Section 503.

(d) At any time before foreclosure under subsection (c), the partner or transferee whose transferable interest is subject to a charging order under subsection (a) may extinguish the charging order by satisfying the judgment and filing a certified copy of the satisfaction with the court that issued the charging order.

(e) At any time before foreclosure under subsection (c), **a the partnership or foreign partnership** or one or more partners whose transferable interests are not subject to the charging order may pay to the judgment creditor the full amount due under the judgment and thereby succeed to the rights of the judgment creditor, including the charging order.

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

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

SECTION 1101. DEFINITIONS. [**Note that there are other changes to § 1101 under issue 11.**]

(a) Except as provided in subsection (b), in ~~in~~ this [article]:

* * *

(b) When a provision in this [article] refers to an entity or type of entity, the reference includes domestic and foreign, unless the provision refers to “domestic,” “foreign,” or both.

ULLCA

SECTION 503. CHARGING ORDER.

(a) On application by a judgment creditor of a member or transferee **of a limited liability company or foreign limited liability company**, a court may enter a charging order against the transferable interest of the judgment debtor for the unsatisfied amount of the judgment. Except as otherwise provided in subsection (f), a charging order constitutes a lien on a judgment debtor’s transferable interest and requires the limited liability company to pay over to the person to which the charging order was issued any distribution that otherwise would be paid to the judgment debtor.

(b) To the extent necessary to effectuate the collection of distributions pursuant to a charging order in effect under subsection (a), the court may:

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

(2) make all other orders necessary to give effect to the charging order.

(c) Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the transferable interest. Except as otherwise provided in subsection (f), the purchaser at the foreclosure sale obtains only the transferable interest, does not thereby become a member, and is subject to Section 502.

(d) At any time before foreclosure under subsection (c), the member or transferee whose transferable interest is subject to a charging order under subsection (a) may extinguish the charging order by satisfying the judgment and filing a certified copy of the satisfaction with the court that issued the charging order.

(e) At any time before foreclosure under subsection (c), **a the limited liability company or foreign** limited liability company or one or more members whose transferable interests are not subject to the charging order may pay to the judgment creditor the full amount due under the judgment and thereby succeed to the rights of the judgment creditor, including the charging order.

(f) If a court orders foreclosure of a charging order lien against the sole member of a **limited liability company or foreign** limited liability company:

(1) the court shall confirm the sale;

(2) the purchaser at the sale obtains the member's entire interest, not only the member's transferable interest;

(3) the purchaser thereby becomes a member; and

(4) the person whose interest was subject to the foreclosed charging order is dissociated as a member.

(g) This [act] does not deprive any member or transferee of the benefit of any exemption law applicable to the transferable interest of the member or transferee.

(h) This section provides the exclusive remedy by which a person seeking in the capacity of judgment creditor to enforce a judgment against a member or transferee **of a limited liability company or foreign limited liability company** may satisfy the judgment from the judgment debtor's transferable interest.

Issue 4

Version A

SECTION 1102. RELATIONSHIP OF [ARTICLE] TO OTHER LAWS

* * *

(c) As used in this [article], with reference to the law of a foreign jurisdiction:

(1) “conversion,” “domestication,” “interest exchange,” or “merger” include a transaction that under the foreign law achieves the same substantive effect as a merger, interest exchange, conversion, or domestication under this [article], even though the foreign law:

(A) denominates the transaction differently than this [article];

(B) includes within a denomination two or more transactions that this [article] treats separately; or

(C) uses two or more denominations to encompass transactions that this [article] encompasses in one denomination; and

(2) “plan” has the meaning necessary to give effect to subsection (c)(1).

Version B

SECTION 1102. RELATIONSHIP OF [ARTICLE] TO OTHER LAWS

* * *

(c) The term “conversion,” “domestication,” “interest exchange,” or “merger” when used in this [article] includes a transaction that has substantively the same effect, however denominated under the law of a foreign jurisdiction. Other terms used in this [article] with respect to the parties to or documentation for such a transaction have correlative meanings.

[The Comment will use the example of Delaware and its use of “continuation” and “transfer.” The Comment will also include paragraphs (A), (B), and (C) from Version A.]

Issue 5

SECTION 409. STANDARDS OF CONDUCT FOR MEMBERS AND MANAGERS.

* * *

(b) The fiduciary duty of loyalty of a member in a member-managed limited liability company includes the duties:

(1) to account to the company and hold as trustee for it any property, profit, or benefit derived by the member:

(A) in the conduct or winding up of the company's activities and affairs;

(B) from a use by the member of the company's property; or

(C) from the appropriation of a company opportunity **before the dissolution of the company**;

(2) to refrain from dealing with the company in the conduct or winding up of the company's activities and affairs as or on behalf of a person having an interest adverse to the company; and

(3) to refrain from competing with the company in the conduct of the company's activities and affairs before the dissolution of the company.

* * *

Issues 6 and 7

SECTION 401. PARTNER'S RIGHTS AND DUTIES.

(a) ~~Each partner is entitled to an equal share of the partnership distributions and, except in the case of a limited liability partnership, is chargeable with a share of the partnership losses in proportion to the partner's share of the distributions. (Reserved.)~~

(b) A partnership shall reimburse a partner for any payment made by the partner in the course of the partner's activities on behalf of the partnership, if the partner complied with this section and Section 409 in making the payment.

(c) A partnership shall indemnify and hold harmless a person with respect to any claim or demand against the person and any debt, obligation, or other liability incurred by the person by reason of the person's former or present capacity as a partner, if the claim, demand, debt, obligation, or other liability does not arise from the person's breach of this section or Section 407 or 409.

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

(e) A partnership may purchase and maintain insurance on behalf of a partner against liability asserted against or incurred by the partner in that capacity or arising from that status even if, under Section 105(c)(7), the partnership agreement could not eliminate or limit the person's liability to the partnership for the conduct giving rise to the liability.

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

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

SECTION 405. SHARING OF AND RIGHT TO DISTRIBUTIONS BEFORE DISSOLUTION.

(a) Any distribution 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) Subject to Section 701, 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~~ Subject to Section ~~806~~ 806C, 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.¹

(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.

[The prior reporter proposed inserting here the subsection below. The committee concluded that the subsection is not needed, and I agree with the committee. See § 806B.]

(e) In a partnership that is not a limited liability partnership, each partner must be allocated annually, or at another interval decided by the partners as an ordinary matter:

- (1) an equal share in the profits of the partnership; and
- (2) a share in losses of the partnership according to the partner's share in the profits.

SECTION 806. ~~DISPOSITION OF ASSETS~~ SETTLING WITH CREDITORS IN WINDING UP; ~~WHEN CONTRIBUTIONS REQUIRED.~~

(a) In winding up its business, a partnership shall first apply its assets, including the contributions required by this section, to discharge the partnership's obligations to creditors, including partners that are creditors.

~~(b) After a partnership complies with subsection (a), any surplus must be distributed in the following order, subject to any charging order in effect under Section 504:~~

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

~~(2) among persons owning transferable interests in proportion to their respective rights to share in distributions immediately before the dissolution of the~~

¹ The current text states a precondition, but could be read to imply that in some circumstances the precondition does not apply – i.e., “as otherwise provided in Section 806”. However, Section 806 is more, not less restrictive; in the context of winding up, Section 806 prohibits anything other than a distribution in cash. See UPA (2013) § 806(f) (“All distributions ... must be paid in money.”) The Reporters would have suggested “Except as otherwise restricted by Section 806(C),” except that the ULC Drafting Manual, Rule 202(b) provides:

(b) Use the phrase “except as provided” to indicate that the rule stated in the subordinated provision is limited by the dominant provision. Use the phrase “subject to” to indicate that the dominant provision, though it does not limit or qualify the subordinated provision, provides other criteria that should be considered in applying the subordinated provision.

partnership.²

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

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

(2) If a person does not contribute the full amount required under paragraph (1) with respect to an unsatisfied obligation of the partnership, the other persons required to contribute by paragraph (1) on account of the obligation shall contribute the additional amount necessary to discharge the obligation. The additional contribution due from each of those other persons is in proportion to the right to receive distributions in the capacity of a partner in effect for each of those other persons when the obligation was incurred.

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

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

~~(e) If a partnership does not have sufficient surplus to comply with subsection (b)(1), any surplus must be distributed among the owners of transferable interests in proportion to the value of the respective unreturned contributions.³~~

~~(f) All distributions made under subsections (b) and (c) must be paid in money.⁴~~

SECTION 806A. DISTRIBUTIONS TO PARTNERS IN LIMITED LIABILITY PARTNERSHIP.

(a) After a limited liability partnership complies with Section 806, any surplus must be distributed in the following order, subject to any charging order in effect under Section 504:

(1) to each person owning a transferable interest that reflects contributions

² Relocated to Section 806A(a). See also Section 806B.

³ Relocated to Section 806A(b).

⁴ Relocated to Section 806C.

made and not previously returned, an amount equal to the value of the unreturned contributions; and

(2) among persons owning transferable interests, in proportion to their respective rights to share in distributions immediately before the dissolution of the partnership.

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

SECTION 806B. SETTLING ACCOUNTS AMONG PARTNERS IN CERTAIN PARTNERSHIPS.

(a) After a partnership that is not a limited liability partnership complies with Section 806(a), the following rules apply:

(1) The partnership shall calculate for each partner, cumulatively for the period stated in subsection (b):

(A) a credit equal to:

(i) the money plus the value of any other property, net of the amount of any liabilities, that the partner has contributed to the partnership; and

(ii) the amount of partnership profits allocated to the partner for federal income tax purposes; and

(B) a debit equal to:

(i) the money plus the value of any other property, net of the amount of any liabilities, distributed by the partnership to the partner; and

(ii) the amount of partnership losses allocated to the partner for federal income tax purposes.⁵

(2) If the credit calculated for a partner under subsection (a)(1)(A) exceeds the debit calculated for the partner under subsection (a)(1)(B), the partnership shall make a distribution in respect of the partner in an amount equal to the excess. If the debit calculated for a partner under subsection (a)(1)(B) exceeds the credit calculated for the partner under subsection (a)(1)(A), the partner shall contribute to the partnership an amount equal to the excess.

(b) The period for a calculation under subsection (a)(1) begins on the date the partner became a partner and extends through the liquidation of the partnership's assets

⁵ Relying on tax allocations should permit the computations under Section 806B to be relatively painless.

in winding up, including profits and losses that result from the liquidation.

(c) In calculating a credit and debit for a partner under subsection (a), the partnership shall disregard any transfer of a transferable interest by the partner and include into the calculation any profits or losses allocated to a transferee.⁶ This subsection does not affect the obligations of the partnership to make distributions in conformity with a transferee's rights under Section 502.

SECTION 806C. NO IN-KIND DISTRIBUTION IN WINDING UP. Any distribution made under Section 806A or 806B must be paid in money.

SECTION 901. STATEMENT OF QUALIFICATION.

* * *

(g) A partnership may become a limited liability partnership simultaneously with the formation of the partnership under Section 202(a), if:

(1) all persons that have agreed to become initial partners in the partnership agree that the partnership will become a limited liability partnership simultaneously with the formation of the partnership; and

(2) on the date of the formation of the partnership under Section 202(a):

(i) the partnership delivers to the [Secretary of State] for filing a statement of qualification under subsection (c); and

(ii) the statement of qualification includes a statement that the partnership becomes a limited liability partnership simultaneously with the formation of the partnership.

[WHC: The prior reporter proposed the following new section. The new reporters believe it should not be included. We have lived with LLPs for close to three decades and this issue has never come up. It has a certain logical consistency to it, but we think that including it would create enactability challenges and other problems where none seem to exist.]

SECTION 914. CALCULATING LOSS SHARING WHEN BECOMING LIMITED LIABILITY PARTNERSHIP.⁷

(a) If a partnership is to become a limited liability partnership after formation:

(1) the partnership shall determine according to Sections 806 and 806B the amount each partner would be due from the partnership as a distribution or owe to the partnership as a contribution, if, on the day before the partnership's statement of

⁶ The first sentence of subsection (c) is necessary to avoid needing subaccounts for transferees.

⁷ Section 914 is the "snap shot" provision.

qualification becomes effective, the assets of the partnership were sold at a price equal to the greater of the liquidation value or the value based on a sale of the entire business as a going concern and the partnership were wound up as of that day;⁸ and

(2) before the partnership delivers to the [Secretary of State] for filing a statement of qualification under Section 901(b):

(A) a partner determined under paragraph (1) to owe a contribution shall make a contribution to the partnership in the amount determined under paragraph (1); and

(B) a partner determined under paragraph (1) to be due a distribution shall receive a distribution from the partnership in the amount determined under paragraph (1).

(b) A partnership's failure to comply with subsection (a) does not affect the validity of the statement of qualification delivered by the partnership to the [Secretary of State] for filing; the legal effect of the [Secretary of State] filing the statement of qualification; the partnership's status as a limited liability partnership; or the application or effect of Section 306(c).

⁸ This language beginning with “if, on the day” is taken from UPA (1997 and 2013) § 701(b). Query: Suppose the subsection (a) determination indicates the partnership is insolvent, need the act provide any protection for the creditors? No, because if “push comes to shove” (i.e., the partnership eventually fails to meet its obligations), other provisions kick in to protect creditors. See Section 806(b).

Issue 8

SECTION 504. CHARGING ORDER.

* * *

(g) This section:

(1) except as provided in subsection (g)(2), provides the exclusive remedy by which a person seeking in the capacity of a judgment creditor to enforce a judgment against a partner or transferee may satisfy the judgment from the judgment debtor's transferable interest; **and**

(2) is not the exclusive remedy by which a single judgment creditor may satisfy the judgment if all of the outstanding transferable interests in the partnership are owned by partners or transferees that are debtors of the judgment creditor.

Issue 9

SECTION 807. KNOWN CLAIMS AGAINST DISSOLVED LIMITED LIABILITY PARTNERSHIP.

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

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

(1) state that the partnership was a limited liability partnership at the time of its dissolution;

(2) identify the date on which the dissolved partnership became a limited liability partnership;

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

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

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

(6) state that ~~the a~~ claim for an obligation incurred by the partnership while a limited liability partnership will be barred if not received by the deadline.

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

(c) A claim against a dissolved limited liability partnership for an obligation incurred by the partnership while a limited liability partnership is barred if the requirements of subsection (b) are met and:

* * *

SECTION 808. OTHER CLAIMS AGAINST DISSOLVED LIMITED LIABILITY PARTNERSHIP.

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

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

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

(2) state that the partnership was a limited liability partnership at the time of its dissolution,

(3) identify the date on which the dissolved partnership became a limited liability partnership; and

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

~~(3)~~ (5) state that a claim against the partnership for an obligation incurred by the partnership while a limited liability partnership is barred unless an action to enforce the claim is commenced not later than three years after publication of the notice; ~~and~~

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

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

(1) a claimant that did not receive notice in a record under Section 807;

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

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

(d) A claim not barred under this section or Section 807 may be enforced:

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

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

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

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

Issue 10

SECTION 1001. GOVERNING LAW.

(a) The law of the jurisdiction of formation of a foreign limited partnership governs:

(1) the internal affairs of the partnership;

(2) the liability of a partner as partner for a debt, obligation, or other liability of the partnership; and

(3) the liability of a series, **protected series, protected cell, or segregated account** of the partnership.

* * *

SECTION 1101. DEFINITIONS. In this [article]:

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

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

* * *

[Note: In addition to the proposed changes to § 1001, the references to “series of interests in § 1101 are the only other place in ULPA where this issue is implicated. Similar references appear in the fundamental transaction provisions of the UUOA generally.]

Issue 11

SECTION 1101. DEFINITIONS. In this [article]: *[Note that there are other changes to § 1101 under Issue 3.]*

* * *

[(30) “Protected agreement” means:

(A) a record evidencing indebtedness and any related agreement in effect on ~~[the effective date of this {aet}date certain]~~;

(B) an agreement that is binding on an entity on ~~[the effective date of this {aet}date certain]~~;

(C) the organic rules of an entity in effect on ~~[the effective date of this {aet}date certain]~~; or

(D) an agreement that is binding on any of the governors or interest holders of an entity on ~~[the effective date of this {aet}date certain].]~~

* * *

SECTION 1131. INTEREST EXCHANGE AUTHORIZED.

* * *

[(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 {aet}date certain].]~~

SECTION 1141. CONVERSION AUTHORIZED.

* * *

[(c) If a protected agreement contains a provision that applies to a merger of a domestic partnership but does not refer to a conversion, the provision applies to a conversion of the partnership as if the conversion were a merger until the provision is amended after ~~[the effective date of this {aet}date certain].]~~

SECTION 1151. DOMESTICATION AUTHORIZED.

* * *

[(c) If a protected agreement contains a provision that applies to a merger of a domestic limited liability partnership but does not refer to a domestication, the provision applies to a domestication of the limited liability partnership as if the domestication were a merger until the provision is amended after ~~the effective date of this act~~date certain].

Issue 13

SECTION 602. PROTECTED SERIES MAY NOT BE PARTY TO ENTITY TRANSACTION. ~~A~~ Except as provided in Sections 605(2), 606(2), and 607(1), a protected series may not:

~~(1) be an acquiring, acquired, converting, converted, merging, or surviving entity;~~

~~(2) participate in a domestication; or~~

~~(3) be a party to or be formed, organized, established, or created in a transaction substantially like a merger, interest exchange, conversion, or domestication.~~

be a party to, formed, organized, established, or created in, or result from:

(1) a merger, interest exchange, conversion, or domestication; or

(2) a transaction with the same substantive effect as a merger, interest exchange, conversion, or domestication.

SECTION 603. RESTRICTION ON ENTITY TRANSACTION INVOLVING ~~PROTECTED~~ SERIES LIMITED LIABILITY COMPANY. ~~A~~ Except as otherwise provided in Section 604, a series limited liability company may not be:

~~(1) an acquiring, acquired, converting, converted, domesticating, or domesticated entity; or~~

~~(2) except as otherwise provided in Section 604, a party to or the surviving company of a merger.~~

a party to, formed, organized, established, created in, or result from:

(1) a merger, interest exchange, conversion, or domestication; or

(2) a transaction with the same substantive effect as a merger, interest exchange, conversion, or domestication.