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HOUSE FILE 2407

Judiciary
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Place On Calendar

HOUSE FILE 2407

BY COMMITTEE ON JUDICIARY AND
LAW ENFORCEMENT

(Formerly Study Bill 675)

Passed House, Date 3-9-82 (p. 714) Passed Senate, Date 4-5-82 (p. 1032)

Vote: Ayes 93 Nays 0 Vote: Ayes 40 Nays 0

Approved May 6, 1982

A BILL FOR

1 An Act related to the uniform limited partnership act.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 ARTICLE 1

2 GENERAL PROVISIONS

3 Section 1. Sections 101 through 1106 of this Act are
4 enacted as a new chapter.

5 Sec. 101. NEW SECTION. DEFINITIONS. As used in this
6 chapter, unless the context otherwise requires:

7 1. "Certificate of limited partnership" means the cer-
8 tificate referred to in section 201 of this Act, and the cer-
9 tificate as amended.

10 2. "Contribution" means cash, property, services rendered,
11 or a promissory note or other binding obligation to contribute
12 cash or property or to perform services, which a partner con-
13 tributes to a limited partnership in the partner's capacity
14 as a partner.

15 3. "Event of withdrawal of a general partner" means an
16 event that causes a person to cease to be a general partner
17 as provided in section 402 of this Act.

18 4. "Foreign limited partnership" means a partnership
19 formed under the laws of a state other than this state and
20 having as partners one or more general partners and one or
21 more limited partners.

22 5. "General partner" means a person who has been admitted
23 to a limited partnership as a general partner in accordance
24 with the partnership agreement and named in the certificate
25 of limited partnership as a general partner.

26 6. "Limited partner" means a person who has been admitted
27 to a limited partnership as a limited partner in accordance
28 with the partnership agreement and named in the certificate
29 of limited partnership as a limited partner.

30 7. "Limited partnership" and "domestic limited partnership"
31 mean a partnership formed by two or more persons under the
32 laws of this state and having one or more general partners
33 and one or more limited partners.

34 8. "Partner" means a limited or general partner.

35 9. "Partnership agreement" means a valid agreement, written

1 or oral, of the partners as to the affairs of a limited
2 partnership and the conduct of its business.

3 10. "Partnership interest" means a partner's share of
4 the profits and losses of a limited partnership and the right
5 to receive distributions of partnership assets.

6 Sec. 102. NEW SECTION. NAME. The name of each limited
7 partnership as set forth in its certificate of limited
8 partnership:

9 1. Shall contain without abbreviation the words "limited
10 partnership".

11 2. Shall not contain the name of a limited partner unless
12 either or both of the following apply:

13 a. That name is also the name of a general partner or
14 the corporate name of a corporate general partner.

15 b. The business of the limited partnership had been carried
16 on under that name before admission of that limited partner.

17 3. Shall not contain any word or phrase indicating or
18 implying that the limited partnership is organized other than
19 for a purpose stated in its certificate of limited partnership.

20 4. Shall not be the same as or deceptively similar to
21 the name of a corporation or limited partnership organized
22 under the laws of this state or licensed or registered as
23 a foreign corporation or foreign limited partnership in this
24 state or a name the exclusive right to which is, at the time,
25 reserved in the manner provided in this chapter, without the
26 written consent of the corporation or limited partnership
27 which consent shall be filed with the secretary of state and
28 provided the name is not identical.

29 5. Shall not contain either the word "corporation" or
30 the word "incorporated" or an abbreviation of either.

31 Sec. 103. NEW SECTION. RESERVATION OF NAME.

32 1. The exclusive right to the use of a name may be reserved
33 by any of the following:

34 a. A person intending to organize a limited partnership
35 under this chapter and to adopt that name.

1 b. A domestic limited partnership or a foreign limited
2 partnership registered in this state which, in either case,
3 intends to adopt that name.

4 c. A foreign limited partnership intending to register
5 in this state and adopt that name.

6 d. A person intending to organize a foreign limited part-
7 nership and intending to have it register in this state and
8 adopt that name.

9 2. The reservation shall be made by filing with the secre-
10 tary of state an application to reserve a specified name.
11 If the secretary of state finds that the name is available
12 for use by a domestic or foreign limited partnership, the
13 secretary shall reserve the name for the exclusive use of
14 the applicant for a period of ninety days. The right to the
15 exclusive use of a reserved name may be transferred to any
16 other person by filing in the office of the secretary of state
17 a notice of the transfer, executed by the applicant for whom
18 the name was reserved and specifying the name and address
19 of the transferee.

20 Sec. 104. NEW SECTION. SPECIFIED OFFICE AND AGENT.

21 1. A limited partnership shall continuously maintain in
22 this state both of the following:

23 a. An office, which may, but need not be, a place of its
24 business in this state. The records required to be maintained
25 by section 105 of this Act shall be kept at the office.

26 b. An agent for service of process on the limited part-
27 nership. The agent shall be either an individual resident
28 of this state, a domestic corporation, or a foreign cor-
29 poration authorized to do business in this state.

30 2. In addition to other statutory provisions relating
31 to venue, an action may be brought against a limited
32 partnership in the county where its office is maintained or,
33 if a limited partnership fails to maintain an office in this
34 state, then in any county within the state.

35 Sec. 105. NEW SECTION. RECORDS TO BE KEPT. A limited

1 partnership shall keep at the office required under section
2 104, subsection 1 of this Act all of the following:

3 1. A current list of the full name and last known busi-
4 ness address of each partner.

5 2. A copy of the certificate of limited partnership and
6 all amendments to the certificate together with any executed
7 powers of attorney pursuant to which a certificate or amendment
8 has been executed.

9 3. Copies of the limited partnership's federal, state,
10 and local income tax returns and reports, if any, for the
11 three most recent years.

12 4. Copies of any written partnership agreements in effect
13 and of any financial statements of the limited partnership
14 for the three most recent years.

15 Any partner may inspect and copy the records required to
16 be kept under subsections 1 through 4 provided that the
17 partner's request to inspect and copy is reasonable and done
18 at the partner's expense.

19 Sec. 106. NEW SECTION. NATURE OF BUSINESS. A limited
20 partnership may carry on any business that a partnership with-
21 out limited partners may carry on.

22 Sec. 107. NEW SECTION. BUSINESS TRANSACTIONS OF PARTNER
23 WITH PARTNERSHIP. Except as provided in the partnership
24 agreement, a partner may lend money to and transact other
25 business with the limited partnership and, subject to other
26 applicable law, has the same rights and obligations with
27 respect to such transactions as a person who is not a partner.

28 ARTICLE 2

29 FORMATION, CERTIFICATE OF LIMITED PARTNERSHIP

30 Sec. 201. NEW SECTION. CERTIFICATE OF LIMITED PARTNER-
31 SHIP.

32 1. In order to form a limited partnership two or more
33 persons shall execute a certificate of limited partnership.
34 The certificate shall be filed in the office of the secretary
35 of state and set forth all of the following:

- 1 a. The name of the limited partnership.
- 2 b. The general character of its business.
- 3 c. The address of the office and the name and address
4 of the agent for service of process required to be maintained
5 by section 104, subsection 2 of this Act, and the address
6 of its principal place of business.
- 7 d. The name and the business address of each partner,
8 specifying separately the general partners and limited
9 partners.
- 10 e. The amount of cash and a description and statement
11 of the agreed value of the other property or services
12 contributed by each partner and which each partner has agreed
13 to contribute in the future.
- 14 f. The times at which or events on the happening of which
15 any additional contributions agreed to be made by each partner
16 are to be made.
- 17 g. A power of a limited partner to grant the right to
18 become a limited partner to an assignee of any part of the
19 partner's partnership interest, and the terms and conditions
20 of the power.
- 21 h. If agreed upon, the time at which or the events on
22 the happening of which a partner may withdraw from the limited
23 partnership and the amount of, or the method of determining
24 the amount of, the distribution to which the partner may be
25 entitled respecting the partnership interest, and the terms
26 and conditions of the termination and distribution.
- 27 i. A right of a partner to receive distributions of prop-
28 erty, including cash from the limited partnership.
- 29 j. A right of a partner to receive, or of a general part-
30 ner to make, distributions to a partner which include a return
31 of all or any part of the partner's contribution.
- 32 k. A time at which, or an event upon the happening of
33 which, the limited partnership is to be dissolved and its
34 affairs wound up.
- 35 l. A right of the remaining general partners to continue

1 the business on the happening of an event of withdrawal of
2 a general partner.

3 m. Other matters the partners determine to include in
4 the certificate.

5 2. A limited partnership is formed at the time of the
6 filing of the certificate of limited partnership in the of-
7 fice of the secretary of state or at a later time specified
8 in the certificate of limited partnership if, in either case,
9 there has been substantial compliance with the requirements
10 of this section.

11 Sec. 202. NEW SECTION. AMENDMENT TO CERTIFICATE.

12 1. A certificate of limited partnership is amended by
13 filing a certificate of amendment in the office of the
14 secretary of state. The certificate of amendment shall set
15 forth all of the following:

16 a. The name of the limited partnership.

17 b. The date of filing the certificate of limited
18 partnership.

19 c. The amendment to the certificate of limited partner-
20 ship.

21 2. Except as provided in subsection 5, within thirty days
22 after the happening of any of the following events, an
23 amendment to a certificate of limited partnership reflecting
24 the occurrence of the event shall be filed:

25 a. A change in the amount or character of the contribu-
26 tion of a partner, or in a partner's obligation to make a
27 contribution.

28 b. The admission of a new general partner.

29 c. The continuation of the business under section 801
30 of this Act after an event of withdrawal of a general partner.

31 3. A general partner who becomes aware that a statement
32 in a certificate of limited partnership was false when made
33 or that any arrangements or other facts described have changed,
34 making the certificate inaccurate in any respect, shall
35 promptly amend the certificate. An amendment to show the

1 admission of or a change of address of a limited partner shall
2 be filed within twelve months of the admission or change of
3 address.

4 4. A certificate of limited partnership may be amended
5 at any time for any other proper purpose the general partners
6 determine.

7 5. An amendment is not required to reflect distributions
8 made pursuant to rights described in section 201, subsection
9 1, paragraph j of this Act.

10 6. A limited partner is not liable because an amendment
11 to a certificate of limited partnership has not been filed
12 to reflect the occurrence of an event referred to in subsection
13 2 if the amendment is filed within the thirty-day period
14 specified in subsection 2.

15 Sec. 203. NEW SECTION. CANCELLATION OF CERTIFICATE.
16 A certificate of limited partnership shall be canceled upon
17 the dissolution and the commencement of winding up of the
18 partnership or at any other time there are no limited partners.
19 A certificate of cancellation shall be filed in the office
20 of the secretary of state and shall set forth all of the
21 following:

22 1. The name of the limited partnership.

23 2. The date of filing of the partnership's certificate
24 of limited partnership.

25 3. The reason for filing the certificate of cancellation.

26 4. The effective date, which shall be a date certain,
27 of cancellation if it is not to be effective upon the filing
28 of the certificate.

29 5. Other information the general partners filing the
30 certificate determine.

31 Sec. 204. NEW SECTION. EXECUTION OF CERTIFICATES.

32 1. Each certificate required by this chapter to be filed
33 in the office of the secretary of state shall be executed
34 in the following manner:

35 a. An original certificate of limited partnership shall

1 be signed by all partners named in the certificate.

2 b. A certificate of amendment shall be signed by at least
3 one general partner and by each other partner designated in
4 the certificate as a new partner or whose contribution is
5 described as having been increased.

6 c. A certificate of cancellation shall be signed by all
7 general partners.

8 2. A person may sign a certificate by an attorney-in-
9 fact.

10 3. The execution of a certificate by a general partner
11 is the making of a statement under oath or affirmation in
12 a matter in which statements under oath or affirmation are
13 required, within the meaning of section 720.2.

14 Sec. 205. NEW SECTION. AMENDMENT OR CANCELLATION BY
15 JUDICIAL ACT. If a person required by section 204 of this
16 Act to execute a certificate of amendment or cancellation
17 fails or refuses to do so, any other partner, or any assignee
18 of a partnership interest, who is adversely affected by the
19 failure or refusal may petition the Iowa district court for
20 the county in which the office described in section 104 of
21 this Act is located to direct the amendment or cancellation.
22 If the court finds that the amendment or cancellation is
23 proper and that a person so designated has failed or refused
24 to execute the certificate, the court shall order the secre-
25 tary of state to record an appropriate certificate of amend-
26 ment or cancellation.

27 Sec. 206. NEW SECTION. FILING IN OFFICE OF SECRETARY
28 OF STATE AND OFFICE OF THE COUNTY RECORDER. A signed copy
29 of the certificate of limited partnership and a signed copy
30 of any certificate of amendment or cancellation or of any
31 judicial decree of amendment or cancellation shall be delivered
32 for filing and recording as provided in this subsection.
33 A person who executes a certificate as an agent or fiduciary
34 need not exhibit evidence of that authority as a prerequisite
35 to filing. It is required that each document required to

1 be filed and recorded be:

2 1. Filed in the office of the secretary of state. When
3 the secretary of state finds that the document conforms to
4 law and when all fees and taxes due have been paid the
5 secretary shall endorse on the document, the word "Filed",
6 and the month, day, and year of the filing and file the same
7 in the secretary's office.

8 2. Recorded in the office of the secretary of state at
9 the time it is filed.

10 3. Filed and recorded in the office of the county recorder.
11 The secretary of state upon recording the document shall
12 forward the document to the county recorder of the county
13 where the office required to be maintained under section 104
14 of this Act is located, and shall forward a copy certified
15 as a true copy of the filed original to any other county
16 recorder, if any, as is required by this chapter. Upon receipt
17 of the document and upon receipt of the recording fees due,
18 the county recorder shall record and index the copy and endorse
19 the date of filing in the county, and the book and page in
20 which recorded, on the copy. The recorder of each county
21 shall keep in the recorder's office an alphabetically
22 subdivided index book for certificates of limited partnership
23 and other instruments the recording of which in the recorder's
24 office is provided for by this chapter, which book shall have
25 as a minimum, columns headed with "Name of Limited
26 Partnership", "Place of Office", "Day, Month, and Year of
27 Filing" and the reference to the book and page or other record
28 where recorded and shall make appropriate entries in the index
29 for each instrument recorded.

30 Upon the filing of a certificate of amendment or judicial
31 decree of amendment in the office of the secretary of state,
32 if as amended it is in substantial compliance with this
33 chapter, the certificate of limited partnership is amended
34 as set forth in the amendment. Upon the effective date of
35 a certificate of cancellation or a judicial decree of

1 cancellation, the certificate of limited partnership is
2 canceled.

3 Sec. 207. NEW SECTION. LIABILITY FOR FALSE STATEMENT
4 IN CERTIFICATE. If a certificate of limited partnership or
5 certificate of amendment or cancellation contains a false
6 statement, one who suffers loss by reliance on the statement
7 may recover damages for the loss from either of the following:

8 1. A person who executes the certificate, or causes an-
9 other to execute it on the person's behalf, and knew, and
10 a general partner who knew or should have known, the statement
11 to be false at the time the certificate was executed.

12 2. A general partner who knows or should have known that
13 an arrangement or other fact described in the certificate
14 has changed, making the statement inaccurate in any respect,
15 within a sufficient time before the statement was relied upon
16 reasonably to have enabled that general partner to cancel
17 or amend the certificate, or to file a petition for its
18 cancellation or amendment under section 205 of this Act.

19 Sec. 208. NEW SECTION. NOTICE. The fact that a certifi-
20 cate of limited partnership is on file in the office of the
21 secretary of state is notice that the partnership claims to
22 be a limited partnership, but it is not notice of any other
23 fact.

24 ARTICLE 3

25 LIMITED PARTNERS

26 Sec. 301. NEW SECTION. ADMISSION OF NEW LIMITED PARTNERS.

27 1. After the filing of a limited partnership's original
28 certificate of limited partnership, a person may be admitted
29 as a new limited partner under the following conditions:

30 a. In the case of a person acquiring a partnership interest
31 directly from the limited partnership, upon compliance with
32 the partnership agreement or, if the partnership agreement
33 does not so provide, upon the written consent of all partners.

34 b. In the case of an assignee of a partnership interest
35 of a partner who has the power, as provided in section 704

1 of this Act to grant the assignee the right to become a limited
2 partner, upon the exercise of that power and compliance with
3 any conditions limiting the grant or exercise of the power.

4 2. Under both paragraphs a and b of subsection 1, the
5 person acquiring the partnership interest becomes a limited
6 partner at the time specified in the certificate of limited
7 partnership or, if a time is not specified, upon amendment
8 of the certificate of limited partnership to show the
9 partnership interest.

10 Sec. 302. NEW SECTION. VOTING. Subject to section 303
11 of this Act, the partnership agreement may grant all or a
12 specified group of the limited partners the right to vote
13 on a per capita or other basis upon any matter.

14 Sec. 303. NEW SECTION. LIABILITY TO THIRD PARTIES.

15 1. Except as provided in subsection 4, a limited partner
16 is not liable for the obligations of a limited partnership
17 unless the limited partner is also a general partner or, in
18 addition to the exercise of the limited partner's rights and
19 powers as a limited partner, the limited partner takes part
20 in the control of the business. However, if the limited
21 partner's participation in the control of the business is
22 not substantially the same as the exercise of the powers of
23 a general partner, the limited partner is liable only to
24 persons who transact business with the limited partnership
25 with actual knowledge of the limited partner's participation
26 in control.

27 2. A limited partner does not participate in the control
28 of the business within the meaning of subsection 1 solely
29 by doing one or more of the following:

30 a. Being a contractor for or an agent or employee of the
31 limited partnership.

32 b. Being a contractor for or an agent, employee, director,
33 officer, or shareholder of or a limited partner of a general
34 partner.

35 c. Consulting with and advising a general partner with

1 respect to the business of the limited partnership.

2 d. Acting as surety for the limited partnership.

3 e. Approving or disapproving an amendment to the
4 partnership agreement.

5 f. Voting on one or more of the following matters:

6 (1) The dissolution and winding up of the limited
7 partnership.

8 (2) The sale, exchange, lease, mortgage, pledge, or other
9 transfer of all or substantially all the assets of the limited
10 partnership other than in the ordinary course of its business.

11 (3) The incurrence of indebtedness by the limited
12 partnership other than in the ordinary course of its business.

13 (4) A change in the nature of the business.

14 (5) The removal of a general partner.

15 3. The enumeration in subsection 2 does not mean that
16 the possession or exercise of any other powers by a limited
17 partner constitutes participation by the limited partner in
18 the business of the limited partnership.

19 4. A limited partner who knowingly permits the limited
20 partner's name to be used in the name of the limited
21 partnership, except under circumstances permitted by section
22 102, subsection 2, paragraph a of this Act, is liable to
23 creditors who extend credit to the limited partnership without
24 actual knowledge that the limited partner is not a general
25 partner.

26 Sec. 304. NEW SECTION. PERSON ERRONEOUSLY BELIEVING SELF
27 TO BE A LIMITED PARTNER.

28 1. Except as provided in subsection 2, a person who makes
29 a contribution to a business enterprise and erroneously but
30 in good faith believes that the person has become a limited
31 partner in the enterprise is not a general partner in the
32 enterprise and is not bound by its obligations by reason of
33 making the contribution, receiving distributions from the
34 enterprise, or exercising any rights of a limited partner,
35 if, on ascertaining the mistake, the person does either of

1 the following:

2 a. Causes an appropriate certificate of limited partnership
3 or a certificate of amendment to be executed and filed; or

4 b. Withdraws from future equity participation in the
5 enterprise.

6 2. A person who makes a contribution of the kind described
7 in subsection 1 is liable as a general partner to a third
8 party who, believing the person to be a general partner,
9 transacts business with the enterprise before an appropriate
10 certificate is filed and before either of the following:

11 a. The person withdraws and an appropriate certificate
12 is filed to show the withdrawal.

13 b. An appropriate certificate is filed to show the person's
14 status as a limited partner and, in the case of an amendment,
15 after expiration of the period for filing the amendment
16 relating to the person as a limited partner under section
17 202 of this Act.

18 Sec. 305. NEW SECTION. INFORMATION. Each limited partner
19 may:

20 1. Inspect and copy the partnership records required to
21 be maintained by section 105 of this Act and any of the
22 partnership books.

23 2. Obtain from the general partners upon reasonable demand
24 the following:

25 a. True and full information regarding the state of the
26 business and financial condition of the limited partnership.

27 b. Copies of the limited partnership's federal, state,
28 and local tax returns.

29 c. Other information regarding the affairs of the limited
30 partnership as is just and reasonable.

31 **ARTICLE 4**
32 **GENERAL PARTNERS**

33 Sec. 401. NEW SECTION. ADMISSION OF ADDITIONAL GENERAL
34 PARTNERS. After the filing of a limited partnership's original
35 certificate of limited partnership, additional general partners

1 shall be admitted only with the specific written consent of
2 each partner. However, if the certificate of limited
3 partnership or the partnership agreement names a person to
4 be admitted as a general partner upon the occurrence of a
5 specified circumstance or at a specified time, the consent
6 required is deemed to have been given.

7 Sec. 402. NEW SECTION. EVENTS OF WITHDRAWAL. Except
8 as otherwise agreed in writing by all partners at the time
9 of the event, a person ceases to be a general partner of a
10 limited partnership upon the happening of any of the following
11 events:

12 1. The general partner withdraws from the limited
13 partnership as provided in section 602 of this Act.

14 2. The general partner is removed as a general partner
15 in accordance with the partnership agreement.

16 3. Unless otherwise provided in the certificate of limited
17 partnership, the general partner does any of the following:

18 a. Makes an assignment for the benefit of creditors.

19 b. Files a voluntary petition in bankruptcy.

20 c. Is adjudicated a bankrupt or insolvent.

21 d. Files a petition or answer seeking for the general
22 partner reorganization, arrangement, composition, readjustment,
23 liquidation, dissolution, or similar relief under any statute,
24 law, or regulation.

25 e. Files an answer or other pleading admitting or failing
26 to contest material allegations of a petition filed against
27 the general partner in a proceeding of a nature specified
28 in paragraph d.

29 f. Seeks, consents to, or acquiesces in the appointment
30 of a trustee, receiver, or liquidator of the general partner
31 or of all or a substantial part of the general partner's
32 properties.

33 4. Unless otherwise provided in the certificate of limited
34 partnership, upon the expiration of the following time periods:

35 a. One hundred twenty days after the commencement of a

1 proceeding against the general partner seeking reorganization,
2 arrangement, composition, readjustment, liquidation,
3 dissolution, or similar relief, under any statute, law, or
4 regulation, if the proceeding has not been dismissed within
5 that time.

6 b. Ninety days after the appointment without the general
7 partner's consent or acquiescence of a trustee, receiver,
8 or liquidator of the general partner or of all or a substantial
9 part of the general partner's properties, if the appointment
10 is not vacated or stayed within that time.

11 c. If an appointment of the nature specified in paragraph
12 b is stayed and if the appointment is not then vacated, ninety
13 days after the expiration of the stay.

14 5. If the general partner is a natural person when either
15 of the following occur:

16 a. The general partner dies.

17 b. The district court finds the general partner incapable
18 of managing the general partner's person or property.

19 6. If the general partner is acting as a general partner
20 by virtue of being a trustee of a trust, when the trust
21 terminates. Substitution of a new trustee is not termination
22 of the trust.

23 7. If the general partner is a separate partnership, the
24 dissolution and commencement of winding up of the separate
25 partnership.

26 8. If the general partner is a corporation, the filing
27 of a certificate of dissolution for the corporation or
28 revocation of the corporation's charter.

29 9. In the case of an estate, the distribution by the
30 fiduciary of the estate's entire interest in the partnership.

31 Sec. 403. NEW SECTION. GENERAL POWERS AND LIABILITIES.

32 Except as provided in this chapter or in the partnership
33 agreement, a general partner of a limited partnership has
34 the rights and powers and is subject to the restrictions and
35 liabilities of a general partner in a partnership without

1 limited partners.

2 Sec. 404. NEW SECTION. CONTRIBUTIONS BY GENERAL PARTNER.

3 A general partner of a limited partnership may make contribu-
4 tions to the partnership and share in the profits and losses
5 of, and in distributions from, the limited partnership as
6 a general partner. A general partner also may make
7 contributions to and share in profits, losses, and
8 distributions as a limited partner. A person who is both
9 a general partner and a limited partner has the rights and
10 powers, and is subject to the restrictions and liabilities,
11 of a general partner and, except as provided in the partnership
12 agreement, also has the powers, and is subject to the
13 restrictions, of a limited partner to the extent of the
14 person's participation in the partnership as a limited partner.

15 Sec. 405. NEW SECTION. VOTING. The partnership agreement
16 may grant to all or certain identified general partners the
17 right to vote on any basis, separately or with all or any
18 class of the limited partners, on any matter.

19 ARTICLE 5

20 FINANCE

21 Sec. 501. NEW SECTION. FORM OF CONTRIBUTION. The
22 contribution of a partner may be in cash, property, or services
23 rendered, or a promissory note or other obligation to
24 contribute cash or property or to perform services.

25 Sec. 502. NEW SECTION. LIABILITY FOR CONTRIBUTION.
26 Except as provided in the certificate of limited partnership,
27 a partner is obligated to the limited partnership to perform
28 a promise to contribute cash or property or to perform services
29 even if the partner is unable to perform because of death,
30 disability, or any other reason. If the partner does not
31 make the contribution, the limited partnership may require
32 the partner to contribute cash equal to that portion of the
33 value, as stated in the certificate of limited partnership,
34 of the stated contribution that has not been made.

35 Sec. 503. NEW SECTION. SHARING OF PROFITS AND LOSSES.

1 The profits and losses of a limited partnership shall be
2 allocated among the partners, and among classes of partners,
3 in the manner provided in the partnership agreement. If the
4 partnership agreement does not so provide, profits and losses
5 shall be allocated on the basis of the value, as stated in
6 the certificate of limited partnership, of the contributions
7 made by each partner to the extent the contributions have
8 been received by the partnership and have not been returned.

9 Sec. 504. NEW SECTION. SHARING OF DISTRIBUTIONS. Distri-
10 butions of cash or other assets of a limited partnership shall
11 be allocated among the partners, and among classes of partners,
12 in the manner provided in the partnership agreement. If the
13 partnership agreement does not so provide, distributions shall
14 be made on the basis of the value, as stated in the certificate
15 of limited partnership, of the contributions made by each
16 partner to the extent the contributions have been received
17 by the partnership and have not been returned.

18 ARTICLE 6

19 DISTRIBUTIONS AND WITHDRAWAL

20 Sec. 601. NEW SECTION. INTERIM DISTRIBUTIONS. Except
21 as provided in this article, a partner is entitled to receive
22 distributions from a limited partnership before the partner's
23 withdrawal from the limited partnership and before the
24 dissolution and winding up of the partnership subject to the
25 following conditions:

26 1. To the extent and at the times or upon the happening
27 of the events specified in the partnership agreement.

28 2. If a distribution is a return of part of the partner's
29 contribution under section 608, subsection 2 of this Act,
30 to the extent and at the times or upon the happening of the
31 events specified in the certificate of limited partnership.

32 Sec. 602. NEW SECTION. WITHDRAWAL OF GENERAL PARTNER.
33 A general partner may withdraw from a limited partnership
34 by giving written notice to the other partners, but, if the
35 withdrawal violates the partnership agreement, in addition

1 to its other remedies the limited partnership may recover
2 from the withdrawing general partner damages for breach of
3 the partnership agreement and offset the damages against the
4 amount otherwise distributable to the partner.

5 Sec. 603. NEW SECTION. WITHDRAWAL OF LIMITED PARTNER.

6 A limited partner may withdraw from a limited partnership
7 at the time or upon the happening of events specified in the
8 certificate of limited partnership and in accordance with
9 the partnership agreement. If the certificate does not specify
10 the time or the events upon the happening of which a limited
11 partner may withdraw or a time for the dissolution and winding
12 up of the limited partnership, a limited partner may withdraw
13 upon not less than six months prior written notice directed
14 or delivered to the partnership or to each general partner
15 at the partner's address on the books of the limited
16 partnership at its office in this state.

17 Sec. 604. NEW SECTION. DISTRIBUTION UPON WITHDRAWAL.

18 Except as provided in this article, upon withdrawal a partner
19 is entitled to receive any distribution to which the partner
20 is entitled under the partnership agreement and, if not
21 otherwise provided in the agreement, the partner is entitled
22 to receive, within a reasonable time after withdrawal, the
23 fair value of the partner's interest in the limited partnership
24 as of the date of withdrawal, based upon the partner's right
25 to share in distributions from the limited partnership.

26 Sec. 605. NEW SECTION. DISTRIBUTION IN KIND. Except

27 as provided in the certificate of limited partnership, a
28 partner, regardless of the nature of the partner's
29 contribution, has no right to demand and receive any
30 distribution from a limited partnership in any form other
31 than cash. Except as provided in the partnership agreement,
32 a partner shall not be compelled to accept a distribution
33 of any asset in kind from a limited partnership to the extent
34 that the percentage of the asset distributed to the partner
35 exceeds a percentage of that asset which is equal to the

1 percentage in which the partner shares in distributions from
2 the limited partnership.

3 Sec. 606. NEW SECTION. RIGHT TO DISTRIBUTION. When a
4 partner becomes entitled to receive a distribution, the partner
5 has the status of a creditor of the limited partnership and
6 is entitled to all remedies available to a creditor with
7 respect to the distribution.

8 Sec. 607. NEW SECTION. LIMITATIONS ON DISTRIBUTION.
9 A partner shall not receive a distribution if, after the
10 distribution, liabilities of the limited partnership other
11 than liabilities to partners on account of their partnership
12 interests will exceed the fair value of the partnership assets.

13 Sec. 608. NEW SECTION. LIABILITY UPON RETURN OF CONTRIBU-
14 TION.

15 1. If a partner has received the return of a part of the
16 partner's contribution without violation of the partnership
17 agreement or this chapter, for one year after the return,
18 the partner is liable to the limited partnership for the
19 amount of the returned contribution to the extent necessary
20 to discharge the limited partnership's liabilities to creditors
21 who extended credit to the limited partnership during the
22 period the contribution was held by the partnership.

23 2. If a partner has received the return of any part of
24 the partner's contribution in violation of the partnership
25 agreement or this chapter, for six years after the return,
26 the partner is liable to the limited partnership for the
27 amount of the contribution wrongfully returned.

28 3. A partner receives a return of contribution only to
29 the extent that a distribution to the partner reduces the
30 partner's share of the fair value, as specified in the cer-
31 tificate of limited partnership, of the partner's contribution
32 which has not been distributed to the partner.

33

ARTICLE 7

34

ASSIGNMENT OF PARTNERSHIP INTERESTS.

35

Sec. 701. NEW SECTION. NATURE OF PARTNERSHIP INTEREST.

1 A partnership interest is personal property.

2 Sec. 702. NEW SECTION. ASSIGNMENT OF PARTNERSHIP INTEREST.

3 Except as provided in the partnership agreement, a partnership
4 interest is assignable in whole or in part. An assignment
5 of a partnership interest does not dissolve a limited
6 partnership or entitle the assignee to become or to exercise
7 any rights of a partner. An assignment entitles the assignee
8 to receive, to the extent assigned, only the distribution
9 to which the assignor would be entitled.

10 Sec. 703. NEW SECTION. RIGHTS OF CREDITOR. A judgment
11 creditor of a partner may bring an action in the district
12 court charging the partnership interest of the partner with
13 payment of the unsatisfied amount of the judgment. To the
14 extent the court so charges, the judgment creditor has only
15 the rights of an assignee of the partnership interest. This
16 chapter does not deprive a partner of the benefit of exemption
17 laws applicable to the partner's interest.

18 Sec. 704. NEW SECTION. RIGHT OF ASSIGNEE TO BECOME LIMITED
19 PARTNER.

20 1. An assignee of a partnership interest, including an
21 assignee of a general partner, may become a limited partner
22 under any of the following conditions:

23 a. When the certificate of limited partnership so provides,
24 if the assignor gives the assignee the right to become a
25 limited partner in the manner specified in the agreement.

26 b. When the partnership agreement so provides, if persons
27 required to consent to the assignee becoming a limited partner
28 consent in the manner specified in the agreement.

29 c. All partners other than the assignor of the interest
30 consent to the assignee becoming a limited partner.

31 2. An assignee who has become a limited partner has, to
32 the extent assigned, the rights and powers, and is subject
33 to the restrictions and liabilities, of a limited partner
34 under the partnership agreement and this chapter. An assignee
35 who becomes a limited partner also is liable for the

1 obligations of the assignor to make and return contributions
2 as provided in article 6 of this chapter. However, the
3 assignee is not obligated for liabilities unknown to the
4 assignee at the time the assignee became a limited partner
5 and which could not be ascertained from the certificate of
6 limited partnership.

7 3. The fact that an assignee of a partnership interest
8 has become a limited partner does not release the assignor
9 from the assignor's liability to the limited partnership under
10 sections 207 and 502 of this Act.

11 Sec. 705. NEW SECTION. POWER OF ESTATE OF DECEASED OR
12 INCOMPETENT PARTNER. If a partner who is an individual dies
13 or a court of competent jurisdiction adjudges the partner
14 incapable of managing the partner's person or property, the
15 partner's executor, administrator, guardian, conservator,
16 or other legal representative may exercise all the partner's
17 rights for the purpose of settling the estate or adminis-
18 tering the property, including any power the partner had to
19 give an assignee the right to become a limited partner. If
20 a partner is a corporation, trust, or other entity and is
21 dissolved or terminated, the powers of that partner may be
22 exercised by its legal representative or successor.

23 ARTICLE 8

24 DISSOLUTION

25 Sec. 801. NEW SECTION. NONJUDICIAL DISSOLUTION.

26 1. A limited partnership is dissolved and its affairs
27 shall be wound up when any of the following occur:

28 a. When events specified in the certificate of limited
29 partnership occur.

30 b. When all partners consent in writing to the dissolu-
31 tion.

32 c. When a general partner withdraws unless at the time
33 there is at least one other general partner and the certificate
34 of limited partnership permits the business of the limited
35 partnership to be carried on by the remaining general partner

1 and the remaining partner does so.

2 d. When a decree of judicial dissolution is entered under
3 section 802 of this Act.

4 2. When a general partner withdraws, the limited
5 partnership is not dissolved and is not required to dissolve
6 under either of the following conditions:

7 a. If all partners previously have consented to the
8 designation of a person as a general partner as provided in
9 section 401 of this Act.

10 b. If all partners, within ninety days after the
11 withdrawal, agree in writing to continue the business of the
12 limited partnership and to the appointment of one or more
13 additional partners as necessary or desired.

14 Sec. 802. NEW SECTION. JUDICIAL DISSOLUTION. On
15 application by or for a partner, the district court for the
16 county in which the office described in section 104 of this
17 Act is located may decree dissolution of a limited partnership
18 whenever it is not reasonably practicable to carry on the
19 business of the limited partnership in conformity with the
20 partnership agreement.

21 Sec. 803. NEW SECTION. WINDING UP. Except as provided
22 in the partnership agreement, the general partners who have
23 not wrongfully dissolved a limited partnership or, if none,
24 the limited partners, may wind up the limited partnership's
25 affairs. Also, upon application of a partner, a partner's
26 legal representative, or a partner's assignee, the district
27 court for the county in which the office described in section
28 104 of this Act is located may wind up the limited
29 partnership's affairs.

30 Sec. 804. NEW SECTION. ORDER OF DISTRIBUTION OF ASSETS.
31 Upon the winding up of a limited partnership, the assets shall
32 be distributed in the following order:

33 1. To creditors, including partners who are creditors,
34 to the extent permitted by law, in satisfaction of liabilities
35 of the limited partnership other than liabilities for

1 distributions to partners under section 601 or 604 of this
2 Act.

3 2. Except as provided in the partnership agreement, to
4 partners and former partners in satisfaction of liabilities
5 for distributions under section 601 or 604 of this Act.

6 3. Except as provided in the partnership agreement, to
7 partners first for the return of their contributions and
8 secondly respecting their partnership interests, in the
9 proportions in which the partners share in distributions.

10 ARTICLE 9

11 FOREIGN LIMITED PARTNERSHIPS

12 Sec. 901. NEW SECTION. LAW GOVERNING. The laws of the
13 state under which a foreign limited partnership is organized
14 govern its organization and internal affairs and the liability
15 of its limited partners. A foreign limited partnership shall
16 not be denied registration by reason of a difference between
17 those laws and the laws of this state.

18 Sec. 902. NEW SECTION. REGISTRATION. Before transacting
19 business in this state, a foreign limited partnership shall
20 register with the secretary of state. In order to register,
21 a foreign limited partnership shall submit to the secretary
22 of state an application for registration as a foreign limited
23 partnership, signed and sworn to by a general partner and
24 setting forth all of the following:

25 1. The name of the foreign limited partnership and, if
26 different, the name under which it proposes to register and
27 transact business in this state.

28 2. The state and date of its formation.

29 3. The general character of the business it proposes to
30 transact in this state.

31 4. The name and address of an agent for service of process
32 on the foreign limited partnership. The agent shall be either
33 an individual resident of this state, a domestic corporation,
34 or a foreign corporation having a place of business in and
35 authorized to do business in this state.

1 5. A statement that the secretary of state is the agent
2 of the foreign limited partnership for service of process
3 if an agent has not been appointed under subsection 4 or,
4 if appointed, the agent's authority has been revoked, or if
5 the agent cannot be found or served with the exercise of
6 reasonable diligence.

7 6. The address of the office required to be maintained
8 in the state of its organization by the laws of that state
9 or, if such an office is not required, the address of the
10 principal office of the foreign limited partnership.

11 7. If the certificate of limited partnership filed in
12 the foreign limited partnership's state of organization is
13 not required to include the names and business addresses of
14 the partners, a list of those names and addresses.

15 Sec. 903. NEW SECTION. ISSUANCE OF REGISTRATION.

16 1. If the secretary of state finds that an application
17 for registration conforms to law and all requisite fees have
18 been paid, the secretary shall do all of the following:

19 a. Endorse on the application the word "Filed", and the
20 month, day, and year of the filing.

21 b. File and record the application in the secretary's
22 office.

23 c. Issue a certificate of registration to transact business
24 in this state.

25 2. The certificate of registration, together with the
26 original of the application, shall be returned to the person
27 who filed the application or the person's representative.

28 Sec. 904. NEW SECTION. NAME. A foreign limited
29 partnership may register with the secretary of state under
30 any name that could be registered by a domestic limited
31 partnership even if it is not the name under which it is
32 registered in its state of organization.

33 Sec. 905. NEW SECTION. CHANGES AND AMENDMENTS. If a
34 statement in the application for registration of a foreign
35 limited partnership was false when made or an arrangement

1 or other fact described has changed, making the application
2 inaccurate in any respect, the foreign limited partnership
3 shall promptly file in the office of the secretary of state
4 a certificate, signed and sworn to by a general partner,
5 correcting the statement.

6 Sec. 906. NEW SECTION. CANCELLATION OF REGISTRATION.
7 A foreign limited partnership may cancel its registration
8 by filing with the secretary of state a certificate of
9 cancellation signed and sworn to by a general partner. A
10 cancellation does not terminate the authority of the secretary
11 of state to accept service of process on the foreign limited
12 partnership with respect to causes of action arising out of
13 the transaction of business in this state.

14 Sec. 907. NEW SECTION. TRANSACTION OF BUSINESS WITHOUT
15 REGISTRATION.

16 1. A foreign limited partnership transacting business
17 in this state shall not maintain a proceeding in the courts
18 of this state until the partnership has registered in this
19 state.

20 2. The failure of a foreign limited partnership to register
21 in this state does not impair the validity of a contract or
22 act of the foreign limited partnership or prevent the foreign
23 limited partnership from defending a proceeding in the courts
24 of this state.

25 3. A limited partner of a foreign limited partnership
26 is not liable as a general partner of the foreign limited
27 partnership solely by reason of having transacted business
28 in the state without registration.

29 4. A foreign limited partnership, by transacting business
30 in this state without registration, appoints the secretary
31 of state as its agent for service of process with respect
32 to causes of action arising out of the transaction of business
33 in this state.

34 Sec. 908. NEW SECTION. ACTION BY THE ATTORNEY GENERAL.
35 The attorney general may bring an action to restrain a foreign

1 limited partnership from transacting business in this state
2 in violation of this chapter.

3 ARTICLE 10
4 DERIVATIVE ACTIONS

5 Sec. 1001. NEW SECTION. RIGHT OF ACTION. A limited
6 partner has standing to bring an action to recover a judgment
7 in the limited partnership's favor if general partners with
8 authority to bring the action have refused to do so or if
9 an effort to cause those general partners to bring the action
10 is not likely to succeed.

11 Sec. 1002. NEW SECTION. PROPER PLAINTIFF. In a derivative
12 action, the plaintiff shall be a partner at the time of
13 bringing the action and either shall have been a partner at
14 the time the cause of action arose or shall have acquired
15 the status of partner by operation of law or pursuant to the
16 terms of the partnership agreement from a person who was a
17 partner at the time the cause of action arose.

18 Sec. 1003. NEW SECTION. PLEADING. In a derivative action,
19 the petition shall set forth with particularity the effort
20 of the plaintiff to secure initiation of the action by a
21 general partner or the reasons for not making the effort.

22 Sec. 1004. NEW SECTION. EXPENSES. If a derivative action
23 is successful, in whole or in part, or if anything is received
24 by the plaintiff as a result of a judgment, compromise, or
25 settlement of an action or claim, the court may award the
26 plaintiff reasonable expenses, including reasonable attorney's
27 fees, and shall direct the plaintiff to remit to the limited
28 partnership the remainder of those proceeds received by the
29 plaintiff.

30 ARTICLE 11
31 MISCELLANEOUS

32 Sec. 1101. NEW SECTION. CONSTRUCTION AND APPLICATION.
33 This chapter shall be applied and construed to effectuate
34 its general purpose to make uniform the law with respect to
35 limited partnerships among states enacting it.

1 Sec. 1102. NEW SECTION. SHORT TITLE. This chapter may
2 be cited as the Iowa uniform limited partnership Act.

3 Sec. 1103. NEW SECTION. CASES NOT PROVIDED FOR IN THIS
4 CHAPTER. In a case not provided for in this chapter, chapter
5 544 governs.

6 Sec. 1104. NEW SECTION. EFFECT ON EXISTING LIMITED
7 PARTNERSHIPS. This chapter does not invalidate provisions
8 in limited partnership agreements or certificates executed
9 prior to the effective date of this Act.

10 Sec. 1105. NEW SECTION. FEES. The secretary of state
11 shall charge the fee specified for filing the following:

12 1. Certificates of limited partnership: one hundred
13 dollars.

14 2. Applications for registration of foreign limited
15 partnerships and also issuance of a certificate of registration
16 to transact business in this state: one hundred dollars.

17 3. Amendments to certificates of limited partnerships
18 or to applications for registration of foreign limited
19 partnerships: twenty dollars.

20 4. Cancellations of certificates of limited partnerships
21 or of registration of foreign limited partnerships: twenty
22 dollars.

23 5. A consent required to be filed under this chapter:
24 twenty dollars.

25 Sec. 1106. NEW SECTION. CERTIFICATES FILED WITH THE
26 COUNTY RECORDER. After July 1, 1983, county recorders shall
27 promptly send to the secretary of state copies of all limited
28 partnership certificates and amendments to the certificates
29 which are in effect on that date and which were filed prior
30 to July 1, 1982.

31 Sec. 1107. Chapter 545, Code 1981, is repealed.

32 Sec. 1108. Section 172C.1, subsection 2, Code 1981, is
33 amended to read as follows:

34 2. "Limited partnership" means a partnership as defined
35 in ~~chapter-545~~ section 101, subsection 7 of this Act which

1 owns or leases agricultural land or is engaged in farming.

2 Sec. 1109. Section 229.27, subsection 1, Code 1981, is
3 amended to read as follows:

4 1. Hospitalization of a person under this chapter, either
5 voluntarily or involuntarily, does not constitute a finding
6 of nor equate with nor raise a presumption of incompetency,
7 nor cause the person so hospitalized to be deemed a person
8 of unsound mind nor a person under legal disability for any
9 purpose including but not limited to any circumstances to
10 which sections 447.7, 472.15, ~~545-27-subsection-137-545-117~~
11 ~~subsection-77-545-367-567-7~~ section 402, subsection 5,
12 paragraph b of this Act, section 705 of this Act, 595.3,
13 597.6, 598.29, 614.8, 614.19, 614.22, 614.24, 614.27, 622.6,
14 633.244, and 675.21 are applicable.

15 Sec. 1110. Section 422.15, subsection 2, Code 1981, is
16 amended to read as follows:

17 2. Every partnership including limited partnerships
18 organized under ~~provisions-of-chapter-545~~ sections 101 through
19 1106 of this Act, having a place of business in the state,
20 shall make a return, stating specifically the net income and
21 capital gains (or losses) reported on the federal partnership
22 return, the names and addresses of the partners, and their
23 respective shares in said amounts.

24 Sec. 1111. Section 422.32, subsection 1, Code 1981, is
25 amended to read as follows:

26 1. The word "corporation" includes joint stock companies,
27 and associations organized for pecuniary profit, except limited
28 partnerships organized under ~~chapter-545~~ sections 101 through
29 1106 of this Act.

30 EXPLANATION

31 This bill repeals chapter 545, the limited partnership
32 law and enacts in lieu thereof an act modeled after the uniform
33 limited partnership law. The bill takes effect July 1 fol-
34 lowing its enactment. The bill provides that after June 30,
35 1982, filings required for limited partnerships be recorded

1 both with the secretary of state's office and with the county
2 recorder of the county where the limited partnership maintains
3 its office in Iowa. After July 1, 1983, county recorders
4 are required to send the secretary of state copies of limited
5 partnership filings filed with the county recorder before
6 July 1, 1982.

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Representative Swartz

STATE OF IOWA
FISCAL NOTE

Request No. 82-250

In compliance with a written request received February 25, 19 82, there is hereby submitted a Fiscal Note for House File 2407 pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

House File 2407, an act relating to the uniform limited partnership act.

This bill repeals chapter 545, and substitutes an act modeled after the uniform limited partnership law. The bill takes effect July 1 after its enactment. The bill provides that after June 30, 1982, filings required for limited partnerships be recorded both with the secretary of state's office and with the county recorder where the limited partnership maintains its office in Iowa. After July 1, 1983, county recorders are required to send the secretary of state copies of limited partnership filings filed with the county recorder before July 1, 1982.

Fiscal effect: The office of the secretary of state estimates that the implementation of this bill would cost a minimum of \$46,000. A large portion of this expense would be used to file the estimated 12,000 documents the secretary of state would receive from the 99 county recorders. The total fiscal estimate includes one Cardveyor File, salary and benefit costs for two clerk typist III positions, office equipment, supplies, postage and telephone expenses. Some additional remodeling expense may occur because of the lack of physical space needed for additional files.

SOURCE: Secretary of State

FILED MARCH 9, 1982

BY GERRY RANKIN, Fiscal Director

HOUSE FILE 2407

AN ACT

RELATED TO THE UNIFORM LIMITED PARTNERSHIP ACT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

ARTICLE 1

GENERAL PROVISIONS

Section 1. Sections 101 through 1106 of this Act are enacted as a new chapter.

Sec. 101. NEW SECTION. DEFINITIONS. As used in this chapter, unless the context otherwise requires:

1. "Certificate of limited partnership" means the certificate referred to in section 201 of this Act, and the certificate as amended.
2. "Contribution" means cash, property, services rendered, or a promissory note or other binding obligation to contribute cash or property or to perform services, which a partner contributes to a limited partnership in the partner's capacity as a partner.
3. "Event of withdrawal of a general partner" means an event that causes a person to cease to be a general partner as provided in section 402 of this Act.
4. "Foreign limited partnership" means a partnership formed under the laws of a state other than this state and having as partners one or more general partners and one or more limited partners.
5. "General partner" means a person who has been admitted to a limited partnership as a general partner in accordance with the partnership agreement and named in the certificate of limited partnership as a general partner.
6. "Limited partner" means a person who has been admitted to a limited partnership as a limited partner in accordance with the partnership agreement and named in the certificate of limited partnership as a limited partner.

7. "Limited partnership" and "domestic limited partnership" mean a partnership formed by two or more persons under the laws of this state and having one or more general partners and one or more limited partners.

8. "Partner" means a limited or general partner.

9. "Partnership agreement" means a valid agreement, written or oral, of the partners as to the affairs of a limited partnership and the conduct of its business.

10. "Partnership interest" means a partner's share of the profits and losses of a limited partnership and the right to receive distributions of partnership assets.

Sec. 102. NEW SECTION. NAME. The name of each limited partnership as set forth in its certificate of limited partnership:

1. Shall contain without abbreviation the words "limited partnership".
2. Shall not contain the name of a limited partner unless either or both of the following apply:
 - a. That name is also the name of a general partner or the corporate name of a corporate general partner.
 - b. The business of the limited partnership had been carried on under that name before admission of that limited partner.
3. Shall not contain any word or phrase indicating or implying that the limited partnership is organized other than for a purpose stated in its certificate of limited partnership.
4. Shall not be the same as or deceptively similar to the name of a corporation or limited partnership organized under the laws of this state or licensed or registered as a foreign corporation or foreign limited partnership in this state or a name the exclusive right to which is, at the time, reserved in the manner provided in this chapter, without the written consent of the corporation or limited partnership which consent shall be filed with the secretary of state and provided the name is not identical.
5. Shall not contain either the word "corporation" or the word "incorporated" or an abbreviation of either.

Sec. 103. NEW SECTION. RESERVATION OF NAME.

1. The exclusive right to the use of a name may be reserved by any of the following:

- a. A person intending to organize a limited partnership under this chapter and to adopt that name.
- b. A domestic limited partnership or a foreign limited partnership registered in this state which, in either case, intends to adopt that name.
- c. A foreign limited partnership intending to register in this state and adopt that name.
- d. A person intending to organize a foreign limited partnership and intending to have it register in this state and adopt that name.

2. The reservation shall be made by filing with the secretary of state an application to reserve a specified name. If the secretary of state finds that the name is available for use by a domestic or foreign limited partnership, the secretary shall reserve the name for the exclusive use of the applicant for a period of ninety days. The right to the exclusive use of a reserved name may be transferred to any other person by filing in the office of the secretary of state a notice of the transfer, executed by the applicant for whom the name was reserved and specifying the name and address of the transferee.

Sec. 104. NEW SECTION. SPECIFIED OFFICE AND AGENT.

1. A limited partnership shall continuously maintain in this state both of the following:
 - a. An office, which may, but need not be, a place of its business in this state. The records required to be maintained by section 105 of this Act shall be kept at the office.
 - b. An agent for service of process on the limited partnership. The agent shall be either an individual resident of this state, a domestic corporation, or a foreign corporation authorized to do business in this state.
2. In addition to other statutory provisions relating to venue, an action may be brought against a limited partnership in the county where its office is maintained or,

if a limited partnership fails to maintain an office in this state, then in any county within the state.

Sec. 105. NEW SECTION. RECORDS TO BE KEPT. A limited partnership shall keep at the office required under section 104, subsection 1 of this Act all of the following:

1. A current list of the full name and last known business address of each partner.
2. A copy of the certificate of limited partnership and all amendments to the certificate together with any executed powers of attorney pursuant to which a certificate or amendment has been executed.
3. Copies of the limited partnership's federal, state, and local income tax returns and reports, if any, for the three most recent years.
4. Copies of any written partnership agreements in effect and of any financial statements of the limited partnership for the three most recent years.

Any partner may inspect and copy the records required to be kept under subsections 1 through 4 provided that the partner's request to inspect and copy is reasonable and done at the partner's expense.

Sec. 106. NEW SECTION. NATURE OF BUSINESS. A limited partnership may carry on any business that a partnership without limited partners may carry on.

Sec. 107. NEW SECTION. BUSINESS TRANSACTIONS OF PARTNER WITH PARTNERSHIP. Except as provided in the partnership agreement, a partner may lend money to and transact other business with the limited partnership and, subject to other applicable law, has the same rights and obligations with respect to such transactions as a person who is not a partner.

ARTICLE 2

FORMATION, CERTIFICATE OF LIMITED PARTNERSHIP

Sec. 201. NEW SECTION. CERTIFICATE OF LIMITED PARTNERSHIP.

1. In order to form a limited partnership two or more persons shall execute a certificate of limited partnership.

The certificate shall be filed in the office of the secretary of state and set forth all of the following:

- a. The name of the limited partnership.
- b. The general character of its business.
- c. The address of the office and the name and address of the agent for service of process required to be maintained by section 104, subsection 2 of this Act, and the address of its principal place of business.
- d. The name and the business address of each partner, specifying separately the general partners and limited partners.
- e. The amount of cash and a description and statement of the agreed value of the other property or services contributed by each partner and which each partner has agreed to contribute in the future.
- f. The times at which or events on the happening of which any additional contributions agreed to be made by each partner are to be made.
- g. A power of a limited partner to grant the right to become a limited partner to an assignee of any part of the partner's partnership interest, and the terms and conditions of the power.
- h. If agreed upon, the time at which or the events on the happening of which a partner may withdraw from the limited partnership and the amount of, or the method of determining the amount of, the distribution to which the partner may be entitled respecting the partnership interest, and the terms and conditions of the termination and distribution.
- i. A right of a partner to receive distributions of property, including cash from the limited partnership.
- j. A right of a partner to receive, or of a general partner to make, distributions to a partner which include a return of all or any part of the partner's contribution.
- k. A time at which, or an event upon the happening of which, the limited partnership is to be dissolved and its affairs wound up.

1. A right of the remaining general partners to continue the business on the happening of an event of withdrawal of a general partner.

m. Other matters the partners determine to include in the certificate.

2. A limited partnership is formed at the time of the filing of the certificate of limited partnership in the office of the secretary of state or at a later time specified in the certificate of limited partnership if, in either case, there has been substantial compliance with the requirements of this section.

Sec. 202. NEW SECTION. AMENDMENT TO CERTIFICATE.

1. A certificate of limited partnership is amended by filing a certificate of amendment in the office of the secretary of state. The certificate of amendment shall set forth all of the following:

- a. The name of the limited partnership.
 - b. The date of filing the certificate of limited partnership.
 - c. The amendment to the certificate of limited partnership.
2. Except as provided in subsection 5, within thirty days after the happening of any of the following events, an amendment to a certificate of limited partnership reflecting the occurrence of the event shall be filed:
- a. A change in the amount or character of the contribution of a partner, or in a partner's obligation to make a contribution.
 - b. The admission of a new general partner.
 - c. The continuation of the business under section 801 of this Act after an event of withdrawal of a general partner.
3. A general partner who becomes aware that a statement in a certificate of limited partnership was false when made or that any arrangements or other facts described have changed, making the certificate inaccurate in any respect, shall promptly amend the certificate. An amendment to show the

admission of or a change of address of a limited partner shall be filed within twelve months of the admission or change of address.

4. A certificate of limited partnership may be amended at any time for any other proper purpose the general partners determine.

5. An amendment is not required to reflect distributions made pursuant to rights described in section 201, subsection 1, paragraph j of this Act.

6. A limited partner is not liable because an amendment to a certificate of limited partnership has not been filed to reflect the occurrence of an event referred to in subsection 2 if the amendment is filed within the thirty-day period specified in subsection 2.

Sec. 203. NEW SECTION. CANCELLATION OF CERTIFICATE.

A certificate of limited partnership shall be canceled upon the dissolution and the commencement of winding up of the partnership or at any other time there are no limited partners. A certificate of cancellation shall be filed in the office of the secretary of state and shall set forth all of the following:

1. The name of the limited partnership.
2. The date of filing of the partnership's certificate of limited partnership.
3. The reason for filing the certificate of cancellation.
4. The effective date, which shall be a date certain, of cancellation if it is not to be effective upon the filing of the certificate.
5. Other information the general partners filing the certificate determine.

Sec. 204. NEW SECTION. EXECUTION OF CERTIFICATES.

1. Each certificate required by this chapter to be filed in the office of the secretary of state shall be executed in the following manner:

- a. An original certificate of limited partnership shall be signed by all partners named in the certificate.

b. A certificate of amendment shall be signed by at least one general partner and by each other partner designated in the certificate as a new partner or whose contribution is described as having been increased.

c. A certificate of cancellation shall be signed by all general partners.

2. A person may sign a certificate by an attorney-in-fact.

3. The execution of a certificate by a general partner is the making of a statement under oath or affirmation in a matter in which statements under oath or affirmation are required, within the meaning of section 720.2.

Sec. 205. NEW SECTION. AMENDMENT OR CANCELLATION BY JUDICIAL ACT. If a person required by section 204 of this Act to execute a certificate of amendment or cancellation fails or refuses to do so, any other partner, or any assignee of a partnership interest, who is adversely affected by the failure or refusal may petition the Iowa district court for the county in which the office described in section 104 of this Act is located to direct the amendment or cancellation. If the court finds that the amendment or cancellation is proper and that a person so designated has failed or refused to execute the certificate, the court shall order the secretary of state to record an appropriate certificate of amendment or cancellation.

Sec. 206. NEW SECTION. FILING IN OFFICE OF SECRETARY OF STATE AND OFFICE OF THE COUNTY RECORDER. A signed copy of the certificate of limited partnership and a signed copy of any certificate of amendment or cancellation or of any judicial decree of amendment or cancellation shall be delivered for filing and recording as provided in this subsection. A person who executes a certificate as an agent or fiduciary need not exhibit evidence of that authority as a prerequisite to filing. It is required that each document required to be filed and recorded be:

1. Filed in the office of the secretary of state. When the secretary of state finds that the document conforms to law and when all fees and taxes due have been paid the secretary shall endorse on the document, the word "Filed", and the month, day, and year of the filing and file the same in the secretary's office.

2. Recorded in the office of the secretary of state at the time it is filed.

3. Filed and recorded in the office of the county recorder. The secretary of state upon recording the document shall forward the document to the county recorder of the county where the office required to be maintained under section 104 of this Act is located, and shall forward a copy certified as a true copy of the filed original to any other county recorder, if any, as is required by this chapter. Upon receipt of the document and upon receipt of the recording fees due, the county recorder shall record and index the copy and endorse the date of filing in the county, and the book and page in which recorded, on the copy. The recorder of each county shall keep in the recorder's office an alphabetically subdivided index book for certificates of limited partnership and other instruments the recording of which in the recorder's office is provided for by this chapter, which book shall have as a minimum, columns headed with "Name of Limited Partnership", "Place of Office", "Day, Month, and Year of Filing" and the reference to the book and page or other record where recorded and shall make appropriate entries in the index for each instrument recorded.

Upon the filing of a certificate of amendment or judicial decree of amendment in the office of the secretary of state, if as amended it is in substantial compliance with this chapter, the certificate of limited partnership is amended as set forth in the amendment. Upon the effective date of a certificate of cancellation or a judicial decree of cancellation, the certificate of limited partnership is canceled.

Sec. 207. NEW SECTION. LIABILITY FOR FALSE STATEMENT IN CERTIFICATE. If a certificate of limited partnership or certificate of amendment or cancellation contains a false statement, one who suffers loss by reliance on the statement may recover damages for the loss from either of the following:

1. A person who executes the certificate, or causes another to execute it on the person's behalf, and knew, and a general partner who knew or should have known, the statement to be false at the time the certificate was executed.

2. A general partner who knows or should have known that an arrangement or other fact described in the certificate has changed, making the statement inaccurate in any respect, within a sufficient time before the statement was relied upon reasonably to have enabled that general partner to cancel or amend the certificate, or to file a petition for its cancellation or amendment under section 205 of this Act.

Sec. 208. NEW SECTION. NOTICE. The fact that a certificate of limited partnership is on file in the office of the secretary of state is notice that the partnership claims to be a limited partnership, but it is not notice of any other fact.

ARTICLE 3

LIMITED PARTNERS

Sec. 301. NEW SECTION. ADMISSION OF NEW LIMITED PARTNERS.

1. After the filing of a limited partnership's original certificate of limited partnership, a person may be admitted as a new limited partner under the following conditions:

a. In the case of a person acquiring a partnership interest directly from the limited partnership, upon compliance with the partnership agreement or, if the partnership agreement does not so provide, upon the written consent of all partners.

b. In the case of an assignee of a partnership interest of a partner who has the power, as provided in section 704 of this Act to grant the assignee the right to become a limited partner, upon the exercise of that power and compliance with any conditions limiting the grant or exercise of the power.

2. Under both paragraphs a and b of subsection 1, the person acquiring the partnership interest becomes a limited partner at the time specified in the certificate of limited partnership or, if a time is not specified, upon amendment of the certificate of limited partnership to show the partnership interest.

Sec. 302. NEW SECTION. VOTING. Subject to section 303 of this Act, the partnership agreement may grant all or a specified group of the limited partners the right to vote on a per capita or other basis upon any matter.

Sec. 303. NEW SECTION. LIABILITY TO THIRD PARTIES.

1. Except as provided in subsection 4, a limited partner is not liable for the obligations of a limited partnership unless the limited partner is also a general partner or, in addition to the exercise of the limited partner's rights and powers as a limited partner, the limited partner takes part in the control of the business. However, if the limited partner's participation in the control of the business is not substantially the same as the exercise of the powers of a general partner, the limited partner is liable only to persons who transact business with the limited partnership with actual knowledge of the limited partner's participation in control.

2. A limited partner does not participate in the control of the business within the meaning of subsection 1 solely by doing one or more of the following:

- a. Being a contractor for or an agent or employee of the limited partnership.
- b. Being a contractor for or an agent, employee, director, officer, or shareholder of or a limited partner of a general partner.
- c. Consulting with and advising a general partner with respect to the business of the limited partnership.
- d. Acting as surety for the limited partnership.
- e. Approving or disapproving an amendment to the partnership agreement.
- f. Voting on one or more of the following matters:

(1) The dissolution and winding up of the limited partnership.

(2) The sale, exchange, lease, mortgage, pledge, or other transfer of all or substantially all the assets of the limited partnership other than in the ordinary course of its business.

(3) The incurrence of indebtedness by the limited partnership other than in the ordinary course of its business.

(4) A change in the nature of the business.

(5) The removal of a general partner.

3. The enumeration in subsection 2 does not mean that the possession or exercise of any other powers by a limited partner constitutes participation by the limited partner in the business of the limited partnership.

4. A limited partner who knowingly permits the limited partner's name to be used in the name of the limited partnership, except under circumstances permitted by section 102, subsection 2, paragraph a of this Act, is liable to creditors who extend credit to the limited partnership without actual knowledge that the limited partner is not a general partner.

Sec. 304. NEW SECTION. PERSON ERRONEOUSLY BELIEVING SELF TO BE A LIMITED PARTNER.

1. Except as provided in subsection 2, a person who makes a contribution to a business enterprise and erroneously but in good faith believes that the person has become a limited partner in the enterprise is not a general partner in the enterprise and is not bound by its obligations by reason of making the contribution, receiving distributions from the enterprise, or exercising any rights of a limited partner, if, on ascertaining the mistake, the person does either of the following:

- a. Causes an appropriate certificate of limited partnership or a certificate of amendment to be executed and filed; or
- b. Withdraws from future equity participation in the enterprise.

2. A person who makes a contribution of the kind described in subsection 1 is liable as a general partner to a third party who, believing the person to be a general partner, transacts business with the enterprise before an appropriate certificate is filed and before either of the following:

- a. The person withdraws and an appropriate certificate is filed to show the withdrawal.
- b. An appropriate certificate is filed to show the person's status as a limited partner and, in the case of an amendment, after expiration of the period for filing the amendment relating to the person as a limited partner under section 202 of this Act.

Sec. 305. NEW SECTION. INFORMATION. Each limited partner may:

1. Inspect and copy the partnership records required to be maintained by section 105 of this Act and any of the partnership books.
2. Obtain from the general partners upon reasonable demand the following:
 - a. True and full information regarding the state of the business and financial condition of the limited partnership.
 - b. Copies of the limited partnership's federal, state, and local tax returns.
 - c. Other information regarding the affairs of the limited partnership as is just and reasonable.

ARTICLE 4

GENERAL PARTNERS

Sec. 401. NEW SECTION. ADMISSION OF ADDITIONAL GENERAL PARTNERS. After the filing of a limited partnership's original certificate of limited partnership, additional general partners shall be admitted only with the specific written consent of each partner. However, if the certificate of limited partnership or the partnership agreement names a person to be admitted as a general partner upon the occurrence of a specified circumstance or at a specified time, the consent required is deemed to have been given.

Sec. 402. NEW SECTION. EVENTS OF WITHDRAWAL. Except as otherwise agreed in writing by all partners at the time of the event, a person ceases to be a general partner of a limited partnership upon the happening of any of the following events:

1. The general partner withdraws from the limited partnership as provided in section 602 of this Act.
2. The general partner is removed as a general partner in accordance with the partnership agreement.
3. Unless otherwise provided in the certificate of limited partnership, the general partner does any of the following:
 - a. Makes an assignment for the benefit of creditors.
 - b. Files a voluntary petition in bankruptcy.
 - c. Is adjudicated a bankrupt or insolvent.
 - d. Files a petition or answer seeking for the general partner reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation.
 - e. Files an answer or other pleading admitting or failing to contest material allegations of a petition filed against the general partner in a proceeding of a nature specified in paragraph d.
 - f. Seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the general partner or of all or a substantial part of the general partner's properties.
4. Unless otherwise provided in the certificate of limited partnership, upon the expiration of the following time periods:
 - a. One hundred twenty days after the commencement of a proceeding against the general partner seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief, under any statute, law, or regulation, if the proceeding has not been dismissed within that time.
 - b. Ninety days after the appointment without the general partner's consent or acquiescence of a trustee, receiver,

or liquidator of the general partner or of all or a substantial part of the general partner's properties, if the appointment is not vacated or stayed within that time.

c. If an appointment of the nature specified in paragraph b is stayed and if the appointment is not then vacated, ninety days after the expiration of the stay.

5. If the general partner is a natural person when either of the following occur:

a. The general partner dies.

b. The district court finds the general partner incapable of managing the general partner's person or property.

6. If the general partner is acting as a general partner by virtue of being a trustee of a trust, when the trust terminates. Substitution of a new trustee is not termination of the trust.

7. If the general partner is a separate partnership, the dissolution and commencement of winding up of the separate partnership.

8. If the general partner is a corporation, the filing of a certificate of dissolution for the corporation or revocation of the corporation's charter.

9. In the case of an estate, the distribution by the fiduciary of the estate's entire interest in the partnership.

Sec. 403. NEW SECTION. GENERAL POWERS AND LIABILITIES. Except as provided in this chapter or in the partnership agreement, a general partner of a limited partnership has the rights and powers and is subject to the restrictions and liabilities of a general partner in a partnership without limited partners.

Sec. 404. NEW SECTION. CONTRIBUTIONS BY GENERAL PARTNER. A general partner of a limited partnership may make contributions to the partnership and share in the profits and losses of, and in distributions from, the limited partnership as a general partner. A general partner also may make contributions to and share in profits, losses, and distributions as a limited partner. A person who is both

a general partner and a limited partner has the rights and powers, and is subject to the restrictions and liabilities, of a general partner and, except as provided in the partnership agreement, also has the powers, and is subject to the restrictions, of a limited partner to the extent of the person's participation in the partnership as a limited partner.

Sec. 405. NEW SECTION. VOTING. The partnership agreement may grant to all or certain identified general partners the right to vote on any basis, separately or with all or any class of the limited partners, on any matter.

ARTICLE 5 FINANCE

Sec. 501. NEW SECTION. FORM OF CONTRIBUTION. The contribution of a partner may be in cash, property, or services rendered, or a promissory note or other obligation to contribute cash or property or to perform services.

Sec. 502. NEW SECTION. LIABILITY FOR CONTRIBUTION. Except as provided in the certificate of limited partnership, a partner is obligated to the limited partnership to perform a promise to contribute cash or property or to perform services even if the partner is unable to perform because of death, disability, or any other reason. If the partner does not make the contribution, the limited partnership may require the partner to contribute cash equal to that portion of the value, as stated in the certificate of limited partnership, of the stated contribution that has not been made.

Sec. 503. NEW SECTION. SHARING OF PROFITS AND LOSSES. The profits and losses of a limited partnership shall be allocated among the partners, and among classes of partners, in the manner provided in the partnership agreement. If the partnership agreement does not so provide, profits and losses shall be allocated on the basis of the value, as stated in the certificate of limited partnership, of the contributions made by each partner to the extent the contributions have been received by the partnership and have not been returned.

Sec. 504. NEW SECTION. SHARING OF DISTRIBUTIONS. Distri-

butions of cash or other assets of a limited partnership shall be allocated among the partners, and among classes of partners, in the manner provided in the partnership agreement. If the partnership agreement does not so provide, distributions shall be made on the basis of the value, as stated in the certificate of limited partnership, of the contributions made by each partner to the extent the contributions have been received by the partnership and have not been returned.

ARTICLE 6

DISTRIBUTIONS AND WITHDRAWAL

Sec. 601. NEW SECTION. INTERIM DISTRIBUTIONS. Except as provided in this article, a partner is entitled to receive distributions from a limited partnership before the partner's withdrawal from the limited partnership and before the dissolution and winding up of the partnership subject to the following conditions:

1. To the extent and at the times or upon the happening of the events specified in the partnership agreement.
2. If a distribution is a return of part of the partner's contribution under section 608, subsection 2 of this Act, to the extent and at the times or upon the happening of the events specified in the certificate of limited partnership.

Sec. 602. NEW SECTION. WITHDRAWAL OF GENERAL PARTNER. A general partner may withdraw from a limited partnership by giving written notice to the other partners, but, if the withdrawal violates the partnership agreement, in addition to its other remedies the limited partnership may recover from the withdrawing general partner damages for breach of the partnership agreement and offset the damages against the amount otherwise distributable to the partner.

Sec. 603. NEW SECTION. WITHDRAWAL OF LIMITED PARTNER. A limited partner may withdraw from a limited partnership at the time or upon the happening of events specified in the certificate of limited partnership and in accordance with the partnership agreement. If the certificate does not specify the time or the events upon the happening of which a limited

partner may withdraw or a time for the dissolution and winding up of the limited partnership, a limited partner may withdraw upon not less than six months prior written notice directed or delivered to the partnership or to each general partner at the partner's address on the books of the limited partnership at its office in this state.

Sec. 604. NEW SECTION. DISTRIBUTION UPON WITHDRAWAL. Except as provided in this article, upon withdrawal a partner is entitled to receive any distribution to which the partner is entitled under the partnership agreement and, if not otherwise provided in the agreement, the partner is entitled to receive, within a reasonable time after withdrawal, the fair value of the partner's interest in the limited partnership as of the date of withdrawal, based upon the partner's right to share in distributions from the limited partnership.

Sec. 605. NEW SECTION. DISTRIBUTION IN KIND. Except as provided in the certificate of limited partnership, a partner, regardless of the nature of the partner's contribution, has no right to demand and receive any distribution from a limited partnership in any form other than cash. Except as provided in the partnership agreement, a partner shall not be compelled to accept a distribution of any asset in kind from a limited partnership to the extent that the percentage of the asset distributed to the partner exceeds a percentage of that asset which is equal to the percentage in which the partner shares in distributions from the limited partnership.

Sec. 606. NEW SECTION. RIGHT TO DISTRIBUTION. When a partner becomes entitled to receive a distribution, the partner has the status of a creditor of the limited partnership and is entitled to all remedies available to a creditor with respect to the distribution.

Sec. 607. NEW SECTION. LIMITATIONS ON DISTRIBUTION. A partner shall not receive a distribution if, after the distribution, liabilities of the limited partnership other than liabilities to partners on account of their partnership interests will exceed the fair value of the partnership assets.

Sec. 608. NEW SECTION. LIABILITY UPON RETURN OF CONTRIBUTION.

1. If a partner has received the return of a part of the partner's contribution without violation of the partnership agreement or this chapter, for one year after the return, the partner is liable to the limited partnership for the amount of the returned contribution to the extent necessary to discharge the limited partnership's liabilities to creditors who extended credit to the limited partnership during the period the contribution was held by the partnership.

2. If a partner has received the return of any part of the partner's contribution in violation of the partnership agreement or this chapter, for six years after the return, the partner is liable to the limited partnership for the amount of the contribution wrongfully returned.

3. A partner receives a return of contribution only to the extent that a distribution to the partner reduces the partner's share of the fair value, as specified in the certificate of limited partnership, of the partner's contribution which has not been distributed to the partner.

ARTICLE 7

ASSIGNMENT OF PARTNERSHIP INTERESTS

Sec. 701. NEW SECTION. NATURE OF PARTNERSHIP INTEREST. A partnership interest is personal property.

Sec. 702. NEW SECTION. ASSIGNMENT OF PARTNERSHIP INTEREST. Except as provided in the partnership agreement, a partnership interest is assignable in whole or in part. An assignment of a partnership interest does not dissolve a limited partnership or entitle the assignee to become or to exercise any rights of a partner. An assignment entitles the assignee to receive, to the extent assigned, only the distribution to which the assignor would be entitled.

Sec. 703. NEW SECTION. RIGHTS OF CREDITOR. A judgment creditor of a partner may bring an action in the district court charging the partnership interest of the partner with payment of the unsatisfied amount of the judgment. To the

extent the court so charges, the judgment creditor has only the rights of an assignee of the partnership interest. This chapter does not deprive a partner of the benefit of exemption laws applicable to the partner's interest.

Sec. 704. NEW SECTION. RIGHT OF ASSIGNEE TO BECOME LIMITED PARTNER.

1. An assignee of a partnership interest, including an assignee of a general partner, may become a limited partner under any of the following conditions:

a. When the certificate of limited partnership so provides, if the assignor gives the assignee the right to become a limited partner in the manner specified in the agreement.

b. When the partnership agreement so provides, if persons required to consent to the assignee becoming a limited partner consent in the manner specified in the agreement.

c. All partners other than the assignor of the interest consent to the assignee becoming a limited partner.

2. An assignee who has become a limited partner has, to the extent assigned, the rights and powers, and is subject to the restrictions and liabilities, of a limited partner under the partnership agreement and this chapter. An assignee who becomes a limited partner also is liable for the obligations of the assignor to make and return contributions as provided in article 6 of this chapter. However, the assignee is not obligated for liabilities unknown to the assignee at the time the assignee became a limited partner and which could not be ascertained from the certificate of limited partnership.

3. The fact that an assignee of a partnership interest has become a limited partner does not release the assignor from the assignor's liability to the limited partnership under sections 207 and 502 of this Act.

Sec. 705. NEW SECTION. POWER OF ESTATE OF DECEASED OR INCOMPETENT PARTNER. If a partner who is an individual dies or a court of competent jurisdiction adjudges the partner incapable of managing the partner's person or property, the

partner's executor, administrator, guardian, conservator, or other legal representative may exercise all the partner's rights for the purpose of settling the estate or administering the property, including any power the partner had to give an assignee the right to become a limited partner. If a partner is a corporation, trust, or other entity and is dissolved or terminated, the powers of that partner may be exercised by its legal representative or successor.

ARTICLE 8

DISSOLUTION

Sec. 801. NEW SECTION. NONJUDICIAL DISSOLUTION.

1. A limited partnership is dissolved and its affairs shall be wound up when any of the following occur:
 - a. When events specified in the certificate of limited partnership occur.
 - b. When all partners consent in writing to the dissolution.
 - c. When a general partner withdraws unless at the time there is at least one other general partner and the certificate of limited partnership permits the business of the limited partnership to be carried on by the remaining general partner and the remaining partner does so.
 - d. When a decree of judicial dissolution is entered under section 802 of this Act.
2. When a general partner withdraws, the limited partnership is not dissolved and is not required to dissolve under either of the following conditions:
 - a. If all partners previously have consented to the designation of a person as a general partner as provided in section 401 of this Act.
 - b. If all partners, within ninety days after the withdrawal, agree in writing to continue the business of the limited partnership and to the appointment of one or more additional partners as necessary or desired.

Sec. 802. NEW SECTION. JUDICIAL DISSOLUTION. On application by or for a partner, the district court for the

county in which the office described in section 104 of this Act is located may decree dissolution of a limited partnership whenever it is not reasonably practicable to carry on the business of the limited partnership in conformity with the partnership agreement.

Sec. 803. NEW SECTION. WINDING UP. Except as provided in the partnership agreement, the general partners who have not wrongfully dissolved a limited partnership or, if none, the limited partners, may wind up the limited partnership's affairs. Also, upon application of a partner, a partner's legal representative, or a partner's assignee, the district court for the county in which the office described in section 104 of this Act is located may wind up the limited partnership's affairs.

Sec. 804. NEW SECTION. ORDER OF DISTRIBUTION OF ASSETS. Upon the winding up of a limited partnership, the assets shall be distributed in the following order:

1. To creditors, including partners who are creditors, to the extent permitted by law, in satisfaction of liabilities of the limited partnership other than liabilities for distributions to partners under section 601 or 604 of this Act.
2. Except as provided in the partnership agreement, to partners and former partners in satisfaction of liabilities for distributions under section 601 or 604 of this Act.
3. Except as provided in the partnership agreement, to partners first for the return of their contributions and secondly respecting their partnership interests, in the proportions in which the partners share in distributions.

ARTICLE 9

FOREIGN LIMITED PARTNERSHIPS

Sec. 901. NEW SECTION. LAW GOVERNING. The laws of the state under which a foreign limited partnership is organized govern its organization and internal affairs and the liability of its limited partners. A foreign limited partnership shall not be denied registration by reason of a difference between those laws and the laws of this state.

Sec. 902. NEW SECTION. REGISTRATION. Before transacting business in this state, a foreign limited partnership shall register with the secretary of state. In order to register, a foreign limited partnership shall submit to the secretary of state an application for registration as a foreign limited partnership, signed and sworn to by a general partner and setting forth all of the following:

1. The name of the foreign limited partnership and, if different, the name under which it proposes to register and transact business in this state.
2. The state and date of its formation.
3. The general character of the business it proposes to transact in this state.
4. The name and address of an agent for service of process on the foreign limited partnership. The agent shall be either an individual resident of this state, a domestic corporation, or a foreign corporation having a place of business in and authorized to do business in this state.
5. A statement that the secretary of state is the agent of the foreign limited partnership for service of process if an agent has not been appointed under subsection 4 or, if appointed, the agent's authority has been revoked, or if the agent cannot be found or served with the exercise of reasonable diligence.
6. The address of the office required to be maintained in the state of its organization by the laws of that state or, if such an office is not required, the address of the principal office of the foreign limited partnership.
7. If the certificate of limited partnership filed in the foreign limited partnership's state of organization is not required to include the names and business addresses of the partners, a list of those names and addresses.

Sec. 903. NEW SECTION. ISSUANCE OF REGISTRATION.

1. If the secretary of state finds that an application for registration conforms to law and all requisite fees have been paid, the secretary shall do all of the following:

- a. Endorse on the application the word "Filed", and the month, day, and year of the filing.
 - b. File and record the application in the secretary's office.
 - c. Issue a certificate of registration to transact business in this state.
2. The certificate of registration, together with the original of the application, shall be returned to the person who filed the application or the person's representative.

Sec. 904. NEW SECTION. NAME. A foreign limited partnership may register with the secretary of state under any name that could be registered by a domestic limited partnership even if it is not the name under which it is registered in its state of organization.

Sec. 905. NEW SECTION. CHANGES AND AMENDMENTS. If a statement in the application for registration of a foreign limited partnership was false when made or an arrangement or other fact described has changed, making the application inaccurate in any respect, the foreign limited partnership shall promptly file in the office of the secretary of state a certificate, signed and sworn to by a general partner, correcting the statement.

Sec. 906. NEW SECTION. CANCELLATION OF REGISTRATION. A foreign limited partnership may cancel its registration by filing with the secretary of state a certificate of cancellation signed and sworn to by a general partner. A cancellation does not terminate the authority of the secretary of state to accept service of process on the foreign limited partnership with respect to causes of action arising out of the transaction of business in this state.

Sec. 907. NEW SECTION. TRANSACTION OF BUSINESS WITHOUT REGISTRATION.

1. A foreign limited partnership transacting business in this state shall not maintain a proceeding in the courts of this state until the partnership has registered in this state.

2. The failure of a foreign limited partnership to register in this state does not impair the validity of a contract or act of the foreign limited partnership or prevent the foreign limited partnership from defending a proceeding in the courts of this state.

3. A limited partner of a foreign limited partnership is not liable as a general partner of the foreign limited partnership solely by reason of having transacted business in the state without registration.

4. A foreign limited partnership, by transacting business in this state without registration, appoints the secretary of state as its agent for service of process with respect to causes of action arising out of the transaction of business in this state.

Sec. 908. NEW SECTION. ACTION BY THE ATTORNEY GENERAL. The attorney general may bring an action to restrain a foreign limited partnership from transacting business in this state in violation of this chapter.

ARTICLE 10 DERIVATIVE ACTIONS

Sec. 1001. NEW SECTION. RIGHT OF ACTION. A limited partner has standing to bring an action to recover a judgment in the limited partnership's favor if general partners with authority to bring the action have refused to do so or if an effort to cause those general partners to bring the action is not likely to succeed.

Sec. 1002. NEW SECTION. PROPER PLAINTIFF. In a derivative action, the plaintiff shall be a partner at the time of bringing the action and either shall have been a partner at the time the cause of action arose or shall have acquired the status of partner by operation of law or pursuant to the terms of the partnership agreement from a person who was a partner at the time the cause of action arose.

Sec. 1003. NEW SECTION. PLEADING. In a derivative action, the petition shall set forth with particularity the effort of the plaintiff to secure initiation of the action by a general partner or the reasons for not making the effort.

Sec. 1004. NEW SECTION. EXPENSES. If a derivative action is successful, in whole or in part, or if anything is received by the plaintiff as a result of a judgment, compromise, or settlement of an action or claim, the court may award the plaintiff reasonable expenses, including reasonable attorney's fees, and shall direct the plaintiff to remit to the limited partnership the remainder of those proceeds received by the plaintiff.

ARTICLE 11 MISCELLANEOUS

Sec. 1101. NEW SECTION. CONSTRUCTION AND APPLICATION. This chapter shall be applied and construed to effectuate its general purpose to make uniform the law with respect to limited partnerships among states enacting it.

Sec. 1102. NEW SECTION. SHORT TITLE. This chapter may be cited as the Iowa uniform limited partnership Act.

Sec. 1103. NEW SECTION. CASES NOT PROVIDED FOR IN THIS CHAPTER. In a case not provided for in this chapter, chapter 544 governs.

Sec. 1104. NEW SECTION. EFFECT ON EXISTING LIMITED PARTNERSHIPS. This chapter does not invalidate provisions in limited partnership agreements or certificates executed prior to the effective date of this Act.

Sec. 1105. NEW SECTION. FEES. The secretary of state shall charge the fee specified for filing the following:

1. Certificates of limited partnership: one hundred dollars.
2. Applications for registration of foreign limited partnerships and also issuance of a certificate of registration to transact business in this state: one hundred dollars.
3. Amendments to certificates of limited partnerships or to applications for registration of foreign limited partnerships: twenty dollars.
4. Cancellations of certificates of limited partnerships or of registration of foreign limited partnerships: twenty dollars.

5. A consent required to be filed under this chapter: twenty dollars.

Sec. 1106. NEW SECTION. CERTIFICATES FILED WITH THE COUNTY RECORDER. After July 1, 1983, county recorders shall promptly send to the secretary of state copies of all limited partnership certificates and amendments to the certificates which are in effect on that date and which were filed prior to July 1, 1982.

Sec. 1107. Chapter 545, Code 1981, is repealed.

Sec. 1108. Section 172C.1, subsection 2, Code 1981, is amended to read as follows:

2. "Limited partnership" means a partnership as defined in chapter-545 section 101, subsection 7 of this Act which owns or leases agricultural land or is engaged in farming.

Sec. 1109. Section 229.27, subsection 1, Code 1981, is amended to read as follows:

1. Hospitalization of a person under this chapter, either voluntarily or involuntarily, does not constitute a finding of nor equate with nor raise a presumption of incompetency, nor cause the person so hospitalized to be deemed a person of unsound mind nor a person under legal disability for any purpose including but not limited to any circumstances to which sections 447.7, 472.15, ~~545.27, subsection 13, 545.11, subsection 7, 545.36, 567.7~~ section 402, subsection 5, paragraph b of this Act, section 705 of this Act, 595.3, 597.6, 598.29, 614.8, 614.19, 614.22, 614.24, 614.27, 622.6, 633.244, and 675.21 are applicable.

Sec. 1110. Section 422.15, subsection 2, Code 1981, is amended to read as follows:

2. Every partnership including limited partnerships organized under ~~provisions of chapter-545~~ sections 101 through 1106 of this Act, having a place of business in the state, shall make a return, stating specifically the net income and capital gains (or losses) reported on the federal partnership return, the names and addresses of the partners, and their respective shares in said amounts.

Sec. 1111. Section 422.32, subsection 1, Code 1981, is amended to read as follows:

1. The word "corporation" includes joint stock companies, and associations organized for pecuniary profit, except limited partnerships organized under chapter-545 sections 101 through 1106 of this Act.

DELWYN STROMBER
Speaker of the House

TERRY E. BRANSTAD
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2407, Sixty-ninth General Assembly.

ELIZABETH A. ISAACSON
Chief Clerk of the House

Approved *May 6*, 1982

ROBERT D. RAY
Governor

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