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 vote 95-2

A BILL FOR

1 An Act relating to partnerships by replacing the existing law  
 2 with a uniform partnership law and providing an effective  
 3 date.

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

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S.F. 2311

1 ARTICLE 1

2 GENERAL PROVISIONS

3 Section 1. NEW SECTION. 486.101 DEFINITIONS.

4 As used in this chapter, unless the context otherwise  
5 requires:

6 1. "Business" includes every trade, occupation, and  
7 profession.

8 2. "Debtor in bankruptcy" means a person who is the  
9 subject of any of the following:

10 a. An order for relief under Title 11 of the United States  
11 Code or a comparable order under a successor statute of  
12 general application.

13 b. A comparable order under federal, state, or foreign law  
14 governing insolvency.

15 3. "Distribution" means a transfer of money or other  
16 property from a partnership to a partner in the partner's  
17 capacity as a partner or to the partner's transferee.

18 4. "Foreign limited liability partnership" means a  
19 partnership that satisfies both of the following:

20 a. The partnership is formed under laws other than the  
21 laws of this state.

22 b. The partnership has the status of a limited liability  
23 partnership under those laws.

24 5. "Limited liability partnership" means a partnership  
25 that has filed a statement of qualification under section  
26 486.1001 and does not have a similar statement in effect in  
27 any other jurisdiction.

28 6. "Partnership" means an association of two or more  
29 persons to carry on as co-owners a business for profit formed  
30 under section 486.202, predecessor law, or comparable law of  
31 another jurisdiction.

32 7. "Partnership agreement" means the agreement, whether  
33 written, oral, or implied, among the partners concerning the  
34 partnership, including amendments to the partnership  
35 agreement.

1 8. "Partnership at will" means a partnership in which the  
2 partners have not agreed to remain partners until the  
3 expiration of a definite term or the completion of a  
4 particular undertaking.

5 9. "Partnership interest" or "partner's interest in the  
6 partnership" means all of a partner's interests in the  
7 partnership, including the partner's transferable interest and  
8 all management and other rights.

9 10. "Person" means an individual, corporation, business  
10 trust, estate, trust, partnership, association, joint venture,  
11 government, governmental subdivision, agency, or  
12 instrumentality, or any other legal or commercial entity.

13 11. "Property" means all property, real, personal, or  
14 mixed, tangible or intangible, or any interest therein.

15 12. "State" means a state of the United States, the  
16 District of Columbia, the Commonwealth of Puerto Rico, or any  
17 territory or insular possession subject to the jurisdiction of  
18 the United States.

19 13. "Statement" means a statement of partnership authority  
20 under section 486.303, a statement of denial under section  
21 486.304, a statement of dissociation under section 486.704, a  
22 statement of dissolution under section 486.805, a statement of  
23 merger under section 486.907, a statement of qualification  
24 under section 486.1001, a statement of foreign qualification  
25 under section 486.1102, or an amendment or cancellation of any  
26 of the foregoing.

27 14. "Transfer" includes an assignment, conveyance, lease,  
28 mortgage, deed, and encumbrance.

29 Sec. 2. NEW SECTION. 486.102 KNOWLEDGE AND NOTICE.

30 1. A person knows a fact if the person has actual  
31 knowledge of it.

32 2. A person has notice of a fact if any of the following  
33 apply:

34 a. The person knows of it.

35 b. The person has received a notification of it.

1 c. The person has reason to know it exists from all of the  
2 facts known to the person at the time in question.

3 3. A person notifies or gives a notification to another by  
4 taking steps reasonably required to inform the other person in  
5 ordinary course, whether or not the other person learns of it.

6 4. A person receives a notification when any of the  
7 following occur:

8 a. The notification comes to the person's attention.

9 b. The notification is duly delivered at the person's  
10 place of business or at any other place held out by the person  
11 as a place for receiving communications.

12 5. Except as otherwise provided in subsection 6, a person  
13 other than an individual knows, has notice, or receives a  
14 notification of a fact for purposes of a particular  
15 transaction when the individual conducting the transaction  
16 knows, has notice, or receives a notification of the fact, or  
17 in any event when the fact would have been brought to the  
18 individual's attention if the person had exercised reasonable  
19 diligence. The person exercises reasonable diligence if the  
20 person maintains reasonable routines for communicating  
21 significant information to the individual conducting the  
22 transaction and there is reasonable compliance with the  
23 routines. Reasonable diligence does not require an individual  
24 acting for the person to communicate information unless the  
25 communication is part of the individual's regular duties or  
26 the individual has reason to know of the transaction and that  
27 the transaction would be materially affected by the  
28 information.

29 6. A partner's knowledge, notice, or receipt of a  
30 notification of a fact relating to the partnership is  
31 effective immediately as knowledge by, notice to, or receipt  
32 of a notification by the partnership, except in the case of a  
33 fraud on the partnership committed by or with the consent of  
34 that partner.

35 Sec. 3. NEW SECTION. 486.103 EFFECT OF PARTNERSHIP

1 AGREEMENT -- NONWAIVABLE PROVISIONS.

2 1. Except as otherwise provided in subsection 2, relations  
3 among the partners and between the partners and the  
4 partnership are governed by the partnership agreement. To the  
5 extent the partnership agreement does not otherwise provide,  
6 this chapter governs relations among the partners and between  
7 the partners and the partnership.

8 2. The partnership agreement shall not do any of the  
9 following:

10 a. Vary the rights and duties under section 486.105 except  
11 to eliminate the duty to provide copies of statements to all  
12 of the partners.

13 b. Unreasonably restrict the right of access to books and  
14 records under section 486.403, subsection 2.

15 c. Eliminate the duty of loyalty under section 486.404,  
16 subsection 2, or 486.603, subsection 2, paragraph "c", except  
17 as follows:

18 (1) The partnership agreement may identify specific types  
19 or categories of activities that do not violate the duty of  
20 loyalty, if not manifestly unreasonable.

21 (2) All of the partners or a number or percentage  
22 specified in the partnership agreement may authorize or  
23 ratify, after full disclosure of all material facts, a  
24 specific act or transaction that otherwise would violate the  
25 duty of loyalty.

26 d. Unreasonably reduce the duty of care under section  
27 486.404, subsection 3, or 486.603, subsection 2, paragraph  
28 "c".

29 e. Eliminate the obligation of good faith and fair dealing  
30 under section 486.404, subsection 4, but the partnership  
31 agreement may prescribe the standards by which the performance  
32 of the obligation is to be measured, if the standards are not  
33 manifestly unreasonable.

34 f. Vary the power to dissociate as a partner under section  
35 486.602, subsection 1, except to require the notice under

1 section 486.601, subsection 1, to be in writing.

2 g. Vary the right of a court to expel a partner in the  
3 events specified in section 486.601, subsection 5.

4 h. Vary the requirement to wind up the partnership  
5 business in cases specified in section 486.801, subsection 4,  
6 5, or 6.

7 i. Vary the law applicable to a limited liability  
8 partnership under section 486.106, subsection 2.

9 j. Restrict rights of third parties under this chapter.

10 Sec. 4. NEW SECTION. 486.104 SUPPLEMENTAL PRINCIPLES OF  
11 LAW.

12 1. Unless displaced by particular provisions of this  
13 chapter, the principles of law and equity supplement this  
14 chapter.

15 2. If an obligation to pay interest arises under this  
16 chapter and the rate is not specified, the rate is that  
17 specified in section 535.3.

18 Sec. 5. NEW SECTION. 486.105 EXECUTION, FILING, AND  
19 RECORDING OF STATEMENTS.

20 1. A statement may be filed in the office of the secretary  
21 of state. A certified copy of a statement that is filed in an  
22 office in another state may be filed in the office of the  
23 secretary of state. Either filing has the effect provided in  
24 this chapter with respect to partnership property located in  
25 or transactions that occur in this state.

26 2. A certified copy of a statement that has been filed in  
27 the office of the secretary of state and recorded in the  
28 office for recording transfers of real property has the effect  
29 provided for recorded statements in this chapter. A recorded  
30 statement that is not a certified copy of a statement filed in  
31 the office of the secretary of state does not have the effect  
32 provided for recorded statements in this chapter.

33 3. A statement filed by a partnership must be executed by  
34 at least two partners. Other statements must be executed by a  
35 partner or other person authorized by this chapter. An

1 individual who executes a statement as, or on behalf of, a  
2 partner or other person named as a partner in a statement  
3 shall personally declare under penalty of perjury that the  
4 contents of the statement are accurate.

5 4. A person authorized by this chapter to file a statement  
6 may amend or cancel the statement by filing an amendment or  
7 cancellation that names the partnership, identifies the  
8 statement, and states the substance of the amendment or  
9 cancellation.

10 5. A person who files a statement pursuant to this section  
11 shall promptly send a copy of the statement to every nonfiling  
12 partner and to any other person named as a partner in the  
13 statement. Failure to send a copy of a statement to a partner  
14 or other person does not limit the effectiveness of the  
15 statement as to a person not a partner.

16 6. The secretary of state may collect a fee for filing or  
17 providing a certified copy of a statement. The county  
18 recorder may collect a fee for recording a statement.

19 Sec. 6. NEW SECTION. 486.106 GOVERNING LAW.

20 1. Except as otherwise provided in subsection 2, the law  
21 of the jurisdiction in which a partnership has its chief  
22 executive office governs relations among the partners and  
23 between the partners and the partnership.

24 2. The law of this state governs relations among the  
25 partners and the partnership and the liability of partners for  
26 an obligation of a limited liability partnership.

27 Sec. 7. NEW SECTION. 486.107 PARTNERSHIP SUBJECT TO  
28 AMENDMENT OR REPEAL OF CHAPTER.

29 A partnership governed by this chapter is subject to any  
30 amendment to or repeal of this chapter.

31

ARTICLE 2

32

NATURE OF PARTNERSHIP

33 Sec. 8. NEW SECTION. 486.201 PARTNERSHIP AS ENTITY.

34 1. A partnership is an entity distinct from its partners.

35 2. A limited liability partnership continues to be the

1 same entity that existed before the filing of a statement of  
2 qualification under section 486.1001.

3 Sec. 9. NEW SECTION. 486.202 FORMATION OF PARTNERSHIP.

4 1. Except as otherwise provided in subsection 2, the  
5 association of two or more persons to carry on as co-owners a  
6 business for profit forms a partnership, whether or not the  
7 persons intend to form a partnership.

8 2. An association formed under a statute other than this  
9 chapter, a predecessor statute, or a comparable statute of  
10 another jurisdiction is not a partnership under this chapter.

11 3. In determining whether a partnership is formed, the  
12 following rules apply:

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

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

21 c. A person who receives a share of the profits of a  
22 business is presumed to be a partner in the business, unless  
23 the profits were received in payment of or for any of the  
24 following:

25 (1) Of a debt by installments or otherwise.

26 (2) For services as an independent contractor or of wages  
27 or other compensation to an employee.

28 (3) Of rent.

29 (4) Of an annuity or other retirement or health benefit to  
30 a beneficiary, representative, or designee of a deceased or  
31 retired partner.

32 (5) Of interest or other charge on a loan, even if the  
33 amount of payment varies with the profits of the business,  
34 including a direct or indirect present or future ownership of  
35 the collateral, or rights to income, proceeds, or increase in



1 value derived from the collateral.

2 (6) For the sale of the goodwill of a business or other  
3 property by installments or otherwise.

4 Sec. 10. NEW SECTION. 486.203 PARTNERSHIP PROPERTY.

5 Property acquired by a partnership is property of the  
6 partnership and not of the partners individually.

7 Sec. 11. NEW SECTION. 486.204 WHEN PROPERTY IS  
8 PARTNERSHIP PROPERTY.

9 1. Property is partnership property if acquired in the  
10 name of any of the following:

11 a. The partnership.

12 b. One or more partners with an indication in the  
13 instrument transferring title to the property of the person's  
14 capacity as a partner or of the existence of a partnership but  
15 without an indication of the name of the partnership.

16 2. Property is acquired in the name of the partnership by  
17 a transfer to any of the following:

18 a. The partnership in its name.

19 b. One or more partners in their capacity as partners in  
20 the partnership, if the name of the partnership is indicated  
21 in the instrument transferring title to the property.

22 3. Property is presumed to be partnership property if  
23 purchased with partnership assets, even if not acquired in the  
24 name of the partnership or of one or more partners with an  
25 indication in the instrument transferring title to the  
26 property of the person's capacity as a partner or of the  
27 existence of a partnership.

28 4. Property acquired in the name of one or more of the  
29 partners, without an indication in the instrument transferring  
30 title to the property of the person's capacity as a partner or  
31 of the existence of a partnership and without use of  
32 partnership assets, is presumed to be separate property, even  
33 if used for partnership purposes.

34

ARTICLE 3

35

RELATIONS OF PARTNERS TO

1 PERSONS DEALING WITH PARTNERSHIP

2 Sec. 12. NEW SECTION. 486.301 PARTNER AGENT OF  
3 PARTNERSHIP.

4 Subject to the effect of a statement of partnership  
5 authority under section 486.303:

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

15 2. An act of a partner which is not apparently for  
16 carrying on in the ordinary course the partnership business or  
17 business of the kind carried on by the partnership binds the  
18 partnership only if the act was authorized by the other  
19 partners.

20 Sec. 13. NEW SECTION. 486.302 TRANSFER OF PARTNERSHIP  
21 PROPERTY.

22 1. Partnership property may be transferred as follows:

23 a. Subject to the effect of a statement of partnership  
24 authority under section 486.303, partnership property held in  
25 the name of the partnership may be transferred by an  
26 instrument of transfer executed by a partner in the  
27 partnership name.

28 b. Partnership property held in the name of one or more  
29 partners with an indication in the instrument transferring the  
30 property to the partners of their capacity as partners or of  
31 the existence of a partnership, but without an indication of  
32 the name of the partnership, may be transferred by an  
33 instrument of transfer executed by the persons in whose name  
34 the property is held.

35 c. Partnership property held in the name of one or more

1 persons other than the partnership, without an indication in  
2 the instrument transferring the property to the partners of  
3 their capacity as partners or of the existence of a  
4 partnership, may be transferred by an instrument of transfer  
5 executed by the persons in whose name the property is held.

6 2. A partnership may recover partnership property from a  
7 transferee only if it proves that execution of the instrument  
8 of initial transfer did not bind the partnership under section  
9 486.301 and if one of the following applies:

10 a. As to a subsequent transferee who gave value for  
11 property transferred under subsection 1, paragraphs "a" and  
12 "b", proves that the subsequent transferee knew or had  
13 received a notification that the person who executed the  
14 instrument of initial transfer lacked authority to bind the  
15 partnership.

16 b. As to a transferee who gave value for property  
17 transferred under subsection 1, paragraph "c", proves that the  
18 transferee knew or had received a notification that the  
19 property was partnership property and that the person who  
20 executed the instrument of initial transfer lacked authority  
21 to bind the partnership.

22 3. A partnership shall not recover partnership property  
23 from a subsequent transferee if the partnership would not have  
24 been entitled to recover the property, under subsection 2,  
25 from any earlier transferee of the property.

26 4. If a person holds all of the partners' interests in the  
27 partnership, all of the partnership property vests in that  
28 person. The person may execute a document in the name of the  
29 partnership to evidence vesting of the property in that person  
30 and may file or record the document.

31 Sec. 14. NEW SECTION. 486.303 STATEMENT OF PARTNERSHIP  
32 AUTHORITY.

33 1. A partnership may file a statement of partnership  
34 authority as provided in this subsection.

35 a. The statement of partnership authority must include all

1 of the following:

2 (1) The name of the partnership.

3 (2) The street address of its chief executive office and  
4 of one office in this state, if there is one.

5 (3) The names and mailing addresses of all of the partners  
6 or of an agent appointed and maintained by the partnership for  
7 the purpose of subsection 2.

8 (4) The names of the partners authorized to execute an  
9 instrument transferring real property held in the name of the  
10 partnership.

11 b. The statement of partnership authority may state the  
12 authority, or limitations on the authority, of some or all of  
13 the partners to enter into other transactions on behalf of the  
14 partnership and any other matter.

15 2. If a statement of partnership authority names an agent,  
16 the agent shall maintain a list of the names and mailing  
17 addresses of all of the partners and make it available to any  
18 person on request for good cause shown.

19 3. If a filed statement of partnership authority is  
20 executed pursuant to section 486.105, subsection 3, and states  
21 the name of the partnership but does not contain all of the  
22 other information required by subsection 1, the statement  
23 nevertheless operates with respect to a person not a partner  
24 as provided in subsections 4 and 5.

25 4. Except as otherwise provided in subsection 7, a filed  
26 statement of partnership authority supplements the authority  
27 of a partner to enter into transactions on behalf of the  
28 partnership as follows:

29 a. Except for transfers of real property, a grant of  
30 authority contained in a filed statement of partnership  
31 authority is conclusive in favor of a person who gives value  
32 without knowledge to the contrary, so long as and to the  
33 extent that a limitation on that authority is not then  
34 contained in another filed statement. A filed cancellation of  
35 a limitation on authority revives the previous grant of

1 authority.

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

14 5. A person not a partner is deemed to know of a  
15 limitation on the authority of a partner to transfer real  
16 property held in the name of the partnership if a certified  
17 copy of the filed statement containing the limitation on  
18 authority is of record in the office for recording transfers  
19 of that real property.

20 6. Except as otherwise provided in subsections 4 and 5 and  
21 sections 486.704 and 486.805, a person not a partner is not  
22 deemed to know of a limitation on the authority of a partner  
23 merely because the limitation is contained in a filed  
24 statement.

25 7. Unless earlier canceled, a filed statement of  
26 partnership authority is canceled by operation of law five  
27 years after the date on which the statement, or the most  
28 recent amendment, was filed with the secretary of state.

29 Sec. 15. NEW SECTION. 486.304 STATEMENT OF DENIAL.

30 A partner or other person named as a partner in a filed  
31 statement of partnership authority or in a list maintained by  
32 an agent pursuant to section 486.303, subsection 2, may file a  
33 statement of denial stating the name of the partnership and  
34 the fact that is being denied, which may include denial of a  
35 person's authority or status as a partner. A statement of

1 denial is a limitation on authority as provided in section  
2 486.303, subsections 4 and 5.

3 Sec. 16. NEW SECTION. 486.305 PARTNERSHIP LIABLE FOR  
4 PARTNER'S ACTIONABLE CONDUCT.

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

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

16 Sec. 17. NEW SECTION. 486.306 PARTNER'S LIABILITY.

17 1. Except as otherwise provided in subsections 2 and 3,  
18 all partners are liable jointly and severally for all  
19 obligations of the partnership unless otherwise agreed by the  
20 claimant or provided by law.

21 2. A person admitted as a partner into an existing  
22 partnership is not personally liable for any partnership  
23 obligation incurred before the person's admission as a  
24 partner.

25 3. An obligation of a partnership incurred while the  
26 partnership is a limited liability partnership, whether  
27 arising in contract, tort, or otherwise, is solely the  
28 obligation of the partnership. A partner is not personally  
29 liable, directly or indirectly, by way of contribution or  
30 otherwise, for such an obligation solely by reason of being or  
31 so acting as a partner. This subsection applies  
32 notwithstanding anything inconsistent in the partnership  
33 agreement that existed immediately before the vote required to  
34 become a limited liability partnership under section 486.1001,  
35 subsection 2.

1     Sec. 18. NEW SECTION. 486.307 ACTIONS BY AND AGAINST  
2 PARTNERSHIP AND PARTNERS.

3     1. A partnership may sue and be sued in the name of the  
4 partnership.

5     2. An action may be brought against the partnership and,  
6 to the extent not inconsistent with section 486.306, any or  
7 all of the partners in the same action or in separate actions.

8     3. A judgment against a partnership is not by itself a  
9 judgment against a partner. A judgment against a partnership  
10 shall not be satisfied from a partner's assets unless there is  
11 also a judgment against the partner.

12    4. A judgment creditor of a partner shall not levy  
13 execution against the assets of the partner to satisfy a  
14 judgment based on a claim against the partnership unless the  
15 partner is personally liable for the claim under section  
16 486.306 and one or more of the following apply:

17    a. A judgment based on the same claim has been obtained  
18 against the partnership and a writ of execution on the  
19 judgment has been returned unsatisfied in whole or in part.

20    b. The partnership is a debtor in bankruptcy.

21    c. The partner has agreed that the creditor need not  
22 exhaust partnership assets.

23    d. A court grants permission to the judgment creditor to  
24 levy execution against the assets of a partner based on a  
25 finding that partnership assets subject to execution are  
26 clearly insufficient to satisfy the judgment, that exhaustion  
27 of partnership assets is excessively burdensome, or that the  
28 grant of permission is an appropriate exercise of the court's  
29 equitable powers.

30    e. Liability is imposed on the partner by law or contract  
31 independent of the existence of the partnership.

32    5. This section applies to any partnership liability or  
33 obligation resulting from a representation by a partner or  
34 purported partner under section 486.308.

35    Sec. 19. NEW SECTION. 486.308 LIABILITY OF PURPORTED

1 PARTNER.

2 1. If a person, by words or conduct, purports to be a  
3 partner, or consents to being represented by another as a  
4 partner, in a partnership or with one or more persons not  
5 partners, the purported partner is liable to a person to whom  
6 the representation is made, if that person, relying on the  
7 representation, enters into a transaction with the actual or  
8 purported partnership. If the representation, either by the  
9 purported partner or by a person with the purported partner's  
10 consent, is made in a public manner, the purported partner is  
11 liable to a person who relies upon the purported partnership  
12 even if the purported partner is not aware of being held out  
13 as a partner to the claimant. If partnership liability  
14 results, the purported partner is liable with respect to that  
15 liability as if the purported partner were a partner. If no  
16 partnership liability results, the purported partner is liable  
17 with respect to that liability jointly and severally with any  
18 other person consenting to the representation.

19 2. If a person is thus represented to be a partner in an  
20 existing partnership, or with one or more persons not  
21 partners, the purported partner is an agent of persons  
22 consenting to the representation to bind the persons to the  
23 same extent and in the same manner as if the purported partner  
24 were a partner, with respect to persons who enter into  
25 transactions in reliance upon the representation. If all of  
26 the partners of the existing partnership consent to the  
27 representation, a partnership act or obligation results. If  
28 fewer than all of the partners of the existing partnership  
29 consent to the representation, the person acting and the  
30 partners consenting to the representation are jointly and  
31 severally liable.

32 3. A person is not liable as a partner merely because the  
33 person is named by another in a statement of partnership  
34 authority.

35 4. A person does not continue to be liable as a partner



1 merely because of a failure to file a statement of  
2 dissociation or to amend a statement of partnership authority  
3 to indicate the partner's dissociation from the partnership.  
4 5. Except as otherwise provided in subsections 1 and 2,  
5 persons who are not partners as to each other are not liable  
6 as partners to other persons.

7

ARTICLE 4

8 RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

9 Sec. 20. NEW SECTION. 486.401 PARTNER'S RIGHTS AND  
10 DUTIES.

11 1. Each partner is deemed to have an account subject to  
12 the following:

13 a. The account is credited with an amount equal to the  
14 money plus the value of any other property, net of the amount  
15 of any liabilities, the partner contributes to the partnership  
16 and the partner's share of the partnership profits.

17 b. The account is charged with an amount equal to the  
18 money plus the value of any other property, net of the amount  
19 of any liabilities, distributed by the partnership to the  
20 partner and the partner's share of the partnership losses.

21 2. Each partner is entitled to an equal share of the  
22 partnership profits and is chargeable with a share of the  
23 partnership losses in proportion to the partner's share of the  
24 profits.

25 3. A partnership shall reimburse a partner for payments  
26 made and indemnify a partner for liabilities incurred by the  
27 partner in the ordinary course of the business of the  
28 partnership or for the preservation of its business or  
29 property.

30 4. A partnership shall reimburse a partner for an advance  
31 to the partnership beyond the amount of capital the partner  
32 agreed to contribute.

33 5. A payment or advance made by a partner which gives rise  
34 to a partnership obligation under subsection 3 or 4  
35 constitutes a loan to the partnership which accrues interest

1 from the date of the payment or advance.

2 6. Each partner has equal rights in the management and  
3 conduct of the partnership business.

4 7. A partner may use or possess partnership property only  
5 on behalf of the partnership.

6 8. A partner is not entitled to remuneration for services  
7 performed for the partnership, except for reasonable  
8 compensation for services rendered in winding up the business  
9 of the partnership.

10 9. A person may become a partner only with the consent of  
11 all of the partners.

12 10. A difference arising as to a matter in the ordinary  
13 course of business of a partnership may be decided by a  
14 majority of the partners. An act outside the ordinary course  
15 of business of a partnership and an amendment to the  
16 partnership agreement may be undertaken only with the consent  
17 of all of the partners.

18 11. This section does not affect the obligations of a  
19 partnership to other persons under section 486.301.

20 Sec. 21. NEW SECTION. 486.402 DISTRIBUTIONS IN KIND.

21 A partner has no right to receive, and shall not be  
22 required to accept, a distribution in kind.

23 Sec. 22. NEW SECTION. 486.403 PARTNER'S RIGHTS AND  
24 DUTIES WITH RESPECT TO INFORMATION.

25 1. A partnership shall keep its books and records, if any,  
26 at its chief executive office.

27 2. A partnership shall provide partners and their agents  
28 and attorneys access to its books and records. It shall  
29 provide former partners and their agents and attorneys access  
30 to books and records pertaining to the period during which the  
31 former partners were partners. The right of access provides  
32 the opportunity to inspect and copy books and records during  
33 ordinary business hours. A partnership may impose a  
34 reasonable charge, covering the costs of labor and material,  
35 for copies of documents furnished.

1 3. Each partner and the partnership shall furnish to a  
2 partner, and to the legal representative of a deceased partner  
3 or partner under legal disability all of the following:

4 a. Without demand, any information concerning the  
5 partnership's business and affairs reasonably required for the  
6 proper exercise of the partner's rights and duties under the  
7 partnership agreement or this chapter.

8 b. On demand, any other information concerning the  
9 partnership's business and affairs, except to the extent the  
10 demand or the information demanded is unreasonable or  
11 otherwise improper under the circumstances.

12 Sec. 23. NEW SECTION. 486.404 GENERAL STANDARDS OF  
13 PARTNER'S CONDUCT.

14 1. The only fiduciary duties a partner owes to the  
15 partnership and the other partners are the duty of loyalty and  
16 the duty of care set forth in subsections 2 and 3.

17 2. A partner's duty of loyalty to the partnership and the  
18 other partners is limited to the following:

19 a. To account to the partnership and hold as trustee for  
20 the partnership any property, profit, or benefit derived by  
21 the partner in the conduct and winding up of the partnership  
22 business or derived from a use by the partner of partnership  
23 property, including the appropriation of a partnership  
24 opportunity.

25 b. To refrain from dealing with the partnership in the  
26 conduct or winding up of the partnership business as or on  
27 behalf of a party having an interest adverse to the  
28 partnership.

29 c. To refrain from competing with the partnership in the  
30 conduct of the partnership business before the dissolution of  
31 the partnership.

32 3. A partner's duty of care to the partnership and the  
33 other partners in the conduct and winding up of the  
34 partnership business is limited to refraining from engaging in  
35 grossly negligent or reckless conduct, intentional misconduct,

1 or a knowing violation of law.

2 4. A partner shall discharge the duties to the partnership  
3 and the other partners under this chapter or under the  
4 partnership agreement and exercise any rights consistently  
5 with the obligation of good faith and fair dealing.

6 5. A partner does not violate a duty or obligation under  
7 this chapter or under the partnership agreement merely because  
8 the partner's conduct furthers the partner's own interest.

9 6. A partner may lend money to and transact other business  
10 with the partnership, and as to each loan or transaction the  
11 rights and obligations of the partner are the same as those of  
12 a person who is not a partner, subject to other applicable  
13 law.

14 7. This section applies to a person winding up the  
15 partnership business as the personal or legal representative  
16 of the last surviving partner as if the person were a partner.

17 Sec. 24. NEW SECTION. 486.405 ACTIONS BY PARTNERSHIP AND  
18 PARTNERS.

19 1. A partnership may maintain an action against a partner  
20 for a breach of the partnership agreement, or for the  
21 violation of a duty to the partnership, causing harm to the  
22 partnership.

23 2. A partner may maintain an action against the  
24 partnership or another partner for legal or equitable relief,  
25 with or without an accounting as to partnership business, to  
26 do any of the following:

27 a. Enforce the partner's rights under the partnership  
28 agreement.

29 b. Enforce the partner's rights under this chapter,  
30 including any or all of the following:

31 (1) The partner's rights under section 486.401, 486.403,  
32 or 486.404.

33 (2) The partner's right on dissociation to have the  
34 partner's interest in the partnership purchased pursuant to  
35 section 486.701 or enforce any other right under article 6 or

1 7.

2 (3) The partner's right to compel a dissolution and  
3 winding up of the partnership business under section 486.801  
4 or enforce any other right under article 8.

5 c. Enforce the rights and otherwise protect the interests  
6 of the partner, including rights and interests arising  
7 independently of the partnership relationship.

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

12 Sec. 25. NEW SECTION. 486.406 CONTINUATION OF  
13 PARTNERSHIP BEYOND DEFINITE TERM OR PARTICULAR UNDERTAKING.

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

20 2. If the partners, or those of them who habitually acted  
21 in the business during the term or undertaking, continue the  
22 business without any settlement or liquidation of the  
23 partnership, they are presumed to have agreed that the  
24 partnership will continue.

25 ARTICLE 5

26 TRANSFEREES AND CREDITORS OF PARTNER

27 Sec. 26. NEW SECTION. 486.501 PARTNER NOT CO-OWNER OF  
28 PARTNERSHIP PROPERTY.

29 A partner is not a co-owner of partnership property and has  
30 no interest in partnership property which can be transferred,  
31 either voluntarily or involuntarily.

32 Sec. 27. NEW SECTION. 486.502 PARTNER'S TRANSFERABLE  
33 INTEREST IN PARTNERSHIP.

34 The only transferable interest of a partner in the  
35 partnership is the partner's share of the profits and losses

1 of the partnership and the partner's right to receive  
2 distributions. The interest is personal property.

3 Sec. 28. NEW SECTION. 486.503 TRANSFER OF PARTNER'S  
4 TRANSFERABLE INTEREST.

5 1. A transfer, in whole or in part, of a partner's  
6 transferable interest in the partnership is or does all of the  
7 following:

8 a. Is permissible.

9 b. Does not by itself cause the partner's dissociation or  
10 a dissolution and winding up of the partnership business.

11 c. Does not, as against the other partners or the  
12 partnership, entitle the transferee, during the continuance of  
13 the partnership, to participate in the management or conduct  
14 of the partnership business, to require access to information  
15 concerning partnership transactions, or to inspect or copy the  
16 partnership books or records.

17 2. A transferee of a partner's transferable interest in  
18 the partnership has a right to all of the following:

19 a. To receive, in accordance with the transfer,  
20 distributions to which the transferor would otherwise be  
21 entitled.

22 b. To receive upon the dissolution and winding up of the  
23 partnership business, in accordance with the transfer, the net  
24 amount otherwise distributable to the transferor.

25 c. To seek under section 486.801, subsection 6, a judicial  
26 determination that it is equitable to wind up the partnership  
27 business.

28 3. In a dissolution and winding up, a transferee is  
29 entitled to an account of partnership transactions only from  
30 the date of the latest account agreed to by all of the  
31 partners.

32 4. Upon transfer, the transferor retains the rights and  
33 duties of a partner other than the interest in distributions  
34 transferred.

35 5. A partnership need not give effect to a transferee's

1 rights under this section until it has notice of the transfer.

2 6. A transfer of a partner's transferable interest in the  
3 partnership in violation of a restriction on transfer  
4 contained in the partnership agreement is ineffective as to a  
5 person having notice of the restriction at the time of  
6 transfer.

7 Sec. 29. NEW SECTION. 486.504 PARTNER'S TRANSFERABLE  
8 INTEREST SUBJECT TO CHARGING ORDER.

9 1. On application by a judgment creditor of a partner or  
10 of a partner's transferee, a court having jurisdiction may  
11 charge the transferable interest of the judgment debtor to  
12 satisfy the judgment. The court may appoint a receiver of the  
13 share of the distributions due or to become due to the  
14 judgment debtor in respect of the partnership and make all  
15 other orders, directions, accounts, and inquiries the judgment  
16 debtor might have made or which the circumstances of the case  
17 may require.

18 2. A charging order constitutes a lien on the judgment  
19 debtor's transferable interest in the partnership. The court  
20 may order a foreclosure of the interest subject to the  
21 charging order at any time. The purchaser at the foreclosure  
22 sale has the rights of a transferee.

23 3. At any time before foreclosure, an interest charged may  
24 be redeemed by or with any of the following:

25 a. By the judgment debtor.

26 b. With property other than partnership property, by one  
27 or more of the other partners.

28 c. With partnership property, by one or more of the other  
29 partners with the consent of all of the partners whose  
30 interests are not so charged.

31 4. This chapter does not deprive a partner of a right  
32 under exemption laws with respect to the partner's interest in  
33 the partnership.

34 5. This section provides the exclusive remedy by which a  
35 judgment creditor of a partner or partner's transferee may

1 satisfy a judgment out of the judgment debtor's transferable  
2 interest in the partnership.

3 ARTICLE 6

4 PARTNER'S DISSOCIATION

5 Sec. 30. NEW SECTION. 486.601 EVENTS CAUSING PARTNER'S  
6 DISSOCIATION.

7 A partner is dissociated from a partnership upon the  
8 occurrence of any of the following events:

9 1. The partnership's having notice of the partner's  
10 express will to withdraw as a partner or on a later date  
11 specified by the partner.

12 2. An event agreed to in the partnership agreement as  
13 causing the partner's dissociation.

14 3. The partner's expulsion pursuant to the partnership  
15 agreement.

16 4. The partner's expulsion by the unanimous vote of the  
17 other partners if any of the following apply:

18 a. It is unlawful to carry on the partnership business  
19 with that partner.

20 b. There has been a transfer of all or substantially all  
21 of that partner's transferable interest in the partnership,  
22 other than a transfer for security purposes, or a court order  
23 charging the partner's interest, which has not been  
24 foreclosed.

25 c. Within ninety days after the partnership notifies a  
26 corporate partner that it will be expelled because it has  
27 filed a certificate of dissolution or the equivalent, its  
28 charter has been revoked, or its right to conduct business has  
29 been suspended by the jurisdiction of its incorporation, there  
30 is no revocation of the certificate of dissolution or no  
31 reinstatement of its charter or its right to conduct business.

32 d. A partnership that is a partner has been dissolved and  
33 its business is being wound up.

34 5. On application by the partnership or another partner,  
35 the partner's expulsion by judicial determination because of



1 any of the following:

2 a. The partner engaged in wrongful conduct that adversely  
3 and materially affected the partnership business.

4 b. The partner willfully or persistently committed a  
5 material breach of the partnership agreement or of a duty owed  
6 to the partnership or the other partners under section  
7 486.404.

8 c. The partner engaged in conduct relating to the  
9 partnership business which makes it not reasonably practicable  
10 to carry on the business in partnership with the partner.

11 6. The partner's actions constituting any of the  
12 following:

13 a. Becoming a debtor in bankruptcy.

14 b. Executing an assignment for the benefit of creditors.

15 c. Seeking, consenting to, or acquiescing in the  
16 appointment of a trustee, receiver, or liquidator of that  
17 partner or of all or substantially all of that partner's  
18 property.

19 d. Failing, within ninety days after the appointment, to  
20 have vacated or stayed the appointment of a trustee, receiver,  
21 or liquidator of the partner or of all or substantially all of  
22 the partner's property obtained without the partner's consent  
23 or acquiescence, or failing within ninety days after the  
24 expiration of a stay to have the appointment vacated.

25 7. In the case of a partner who is an individual any of  
26 the following:

27 a. The partner's death.

28 b. The appointment of a guardian or general conservator  
29 for the partner.

30 c. A judicial determination that the partner has otherwise  
31 become incapable of performing the partner's duties under the  
32 partnership agreement.

33 8. In the case of a partner that is a trust or is acting  
34 as a partner by virtue of being a trustee of a trust,  
35 distribution of the trust's entire transferable interest in

1 the partnership, but not merely by reason of the substitution  
2 of a successor trustee.

3 9. In the case of a partner that is an estate or is acting  
4 as a partner by virtue of being a personal representative of  
5 an estate, distribution of the estate's entire transferable  
6 interest in the partnership, but not merely by reason of the  
7 substitution of a successor personal representative.

8 10. Termination of a partner who is not an individual,  
9 partnership, corporation, trust, or estate.

10 Sec. 31. NEW SECTION. 486.602 PARTNER'S POWER TO  
11 DISSOCIATE -- WRONGFUL DISSOCIATION.

12 1. A partner has the power to dissociate at any time,  
13 rightfully or wrongfully, by express will pursuant to section  
14 486.601, subsection 1.

15 2. A partner's dissociation is wrongful only if any of the  
16 following applies:

17 a. It is in breach of an express provision of the  
18 partnership agreement.

19 b. In the case of a partnership for a definite term or  
20 particular undertaking, before the expiration of the term or  
21 the completion of the undertaking if any of the following  
22 occur:

23 (1) The partner withdraws by express will, unless the  
24 withdrawal follows within ninety days after another partner's  
25 dissociation by death or otherwise under section 486.601,  
26 subsections 6 through 10, or wrongful dissociation under this  
27 subsection.

28 (2) The partner is expelled by judicial determination  
29 under section 486.601, subsection 5.

30 (3) The partner is dissociated by becoming a debtor in  
31 bankruptcy.

32 (4) In the case of a partner who is not an individual,  
33 trust other than a business trust, or estate, the partner is  
34 expelled or otherwise dissociated because it willfully  
35 dissolved or terminated.

1 3. A partner who wrongfully dissociates is liable to the  
2 partnership and to the other partners for damages caused by  
3 the dissociation. The liability is in addition to any other  
4 obligation of the partner to the partnership or to the other  
5 partners.

6 Sec. 32. NEW SECTION. 486.603 EFFECT OF PARTNER'S  
7 DISSOCIATION.

8 1. If a partner's dissociation results in a dissolution  
9 and winding up of the partnership business, article 8 applies;  
10 otherwise, article 7 applies.

11 2. Upon a partner's dissociation all of the following  
12 apply:

13 a. The partner's right to participate in the management  
14 and conduct of the partnership business terminates, except as  
15 otherwise provided in section 486.803.

16 b. The partner's duty of loyalty under section 486.404,  
17 subsection 2, paragraph "c", terminates.

18 c. The partner's duty of loyalty under section 486.404,  
19 subsection 2, paragraphs "a" and "b", and duty of care under  
20 section 486.404, subsection 3, continue only with regard to  
21 matters arising and events occurring before the partner's  
22 dissociation, unless the partner participates in winding up  
23 the partnership's business pursuant to section 486.803.

24 ARTICLE 7

25 PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP

26 Sec. 33. NEW SECTION. 486.701 PURCHASE OF DISSOCIATED  
27 PARTNER'S INTEREST.

28 1. If a partner is dissociated from a partnership without  
29 resulting in a dissolution and winding up of the partnership  
30 business under section 486.801, the partnership shall cause  
31 the dissociated partner's interest in the partnership to be  
32 purchased for a buyout price determined pursuant to subsection  
33 2.

34 2. The buyout price of a dissociated partner's interest is  
35 the amount that would have been distributable to the

1 dissociating partner under section 486.807, subsection 2, if,  
2 on the date of dissociation, the assets of the partnership  
3 were sold at a price equal to the greater of the liquidation  
4 value or the value based on a sale of the entire business as a  
5 going concern without the dissociated partner and the  
6 partnership were wound up as of that date. Interest must be  
7 paid from the date of dissociation to the date of payment.

8 3. Damages for wrongful dissociation under section  
9 486.602, subsection 2, and all other amounts owing, whether or  
10 not presently due, from the dissociated partner to the  
11 partnership, must be offset against the buyout price.  
12 Interest must be paid from the date the amount owed becomes  
13 due to the date of payment.

14 4. A partnership shall indemnify a dissociated partner  
15 whose interest is being purchased against all partnership  
16 liabilities, whether incurred before or after the  
17 dissociation, except liabilities incurred by an act of the  
18 dissociated partner under section 486.702.

19 5. If no agreement for the purchase of a dissociated  
20 partner's interest is reached within one hundred twenty days  
21 after a written demand for payment, the partnership shall pay,  
22 or cause to be paid, in cash to the dissociated partner the  
23 amount the partnership estimates to be the buyout price and  
24 accrued interest, reduced by any offsets and accrued interest  
25 under subsection 3.

26 6. If a deferred payment is authorized under subsection 8,  
27 the partnership may tender a written offer to pay the amount  
28 the partnership estimates to be the buyout price and accrued  
29 interest, reduced by any offsets under subsection 3, stating  
30 the time of payment, the amount and type of security for  
31 payment, and the other terms and conditions of the obligation.

32 7. The payment or tender required by subsection 5 or 6  
33 must be accompanied by all of the following:

34 a. A statement of partnership assets and liabilities as of  
35 the date of dissociation.

1 b. The latest available partnership balance sheet and  
2 income statement, if any.

3 c. An explanation of how the estimated amount of the  
4 payment was calculated.

5 d. Written notice that the payment is in full satisfaction  
6 of the obligation to purchase unless, within one hundred  
7 twenty days after the written notice, the dissociated partner  
8 commences an action to determine the buyout price, any offsets  
9 under subsection 3, or other terms of the obligation to  
10 purchase.

11 8. A partner who wrongfully dissociates before the  
12 expiration of a definite term or the completion of a  
13 particular undertaking is not entitled to payment of any  
14 portion of the buyout price until the expiration of the term  
15 or completion of the undertaking, unless the partner  
16 establishes to the satisfaction of the court that earlier  
17 payment will not cause undue hardship to the business of the  
18 partnership. A deferred payment must be adequately secured  
19 and bear interest.

20 9. A dissociated partner may maintain an action against  
21 the partnership, pursuant to section 486.405, subsection 2,  
22 paragraph "b", subparagraph (2), to determine the buyout price  
23 of that partner's interest, any offsets under subsection 3, or  
24 other terms of the obligation to purchase. The action must be  
25 commenced within one hundred twenty days after the partnership  
26 has tendered payment or an offer to pay or within one year  
27 after written demand for payment if no payment or offer to pay  
28 is tendered. The court shall determine the buyout price of  
29 the dissociated partner's interest, any offset due under  
30 subsection 3, and accrued interest, and enter judgment for any  
31 additional payment or refund. If deferred payment is  
32 authorized under subsection 8, the court shall also determine  
33 the security for payment and other terms of the obligation to  
34 purchase. The court may assess reasonable attorney's fees and  
35 the fees and expenses of appraisers or other experts for a

1 party to the action, in amounts the court finds equitable,  
2 against a party that the court finds acted arbitrarily,  
3 vexatiously, or not in good faith. The finding may be based  
4 on the partnership's failure to tender payment or an offer to  
5 pay or to comply with subsection 7.

6 Sec. 34. NEW SECTION. 486.702 DISSOCIATED PARTNER'S  
7 POWER TO BIND AND LIABILITY TO PARTNERSHIP.

8 1. For two years after a partner dissociates without  
9 resulting in a dissolution and winding up of the partnership  
10 business, the partnership, including a surviving partnership  
11 under article 9, is bound by an act of the dissociated partner  
12 which would have bound the partnership under section 486.301  
13 before dissociation only if at the time of entering into the  
14 transaction all of the following apply:

15 a. The other party reasonably believed that the  
16 dissociated partner was then a partner.

17 b. The other party did not have notice of the partner's  
18 dissociation.

19 c. The other party is not deemed to have had knowledge  
20 under section 486.303, subsection 5, or notice under section  
21 486.704, subsection 3.

22 2. A dissociated partner is liable to the partnership for  
23 any damage caused to the partnership arising from an  
24 obligation incurred by the dissociated partner after  
25 dissociation for which the partnership is liable under  
26 subsection 1.

27 Sec. 35. NEW SECTION. 486.703 DISSOCIATED PARTNER'S  
28 LIABILITY TO OTHER PERSONS.

29 1. A partner's dissociation does not of itself discharge  
30 the partner's liability for a partnership obligation incurred  
31 before dissociation. A dissociated partner is not liable for  
32 a partnership obligation incurred after dissociation, except  
33 as otherwise provided in subsection 2.

34 2. A partner who dissociates without resulting in a  
35 dissolution and winding up of the partnership business is

1 liable as a partner to the other party in a transaction  
2 entered into by the partnership, or a surviving partnership  
3 under article 9, within two years after the partner's  
4 dissociation, only if the partner is liable for the obligation  
5 under section 486.306 and at the time of entering into the  
6 transaction all of the following apply:

7 a. The other party reasonably believed that the  
8 dissociated partner was then a partner.

9 b. The other party did not have notice of the partner's  
10 dissociation.

11 c. The other party is not deemed to have had knowledge  
12 under section 486.303, subsection 5, or notice under section  
13 486.704, subsection 3.

14 3. By agreement with the partnership creditor and the  
15 partners continuing the business, a dissociated partner may be  
16 released from liability for a partnership obligation.

17 4. A dissociated partner is released from liability for a  
18 partnership obligation if a partnership creditor, with notice  
19 of the partner's dissociation but without the partner's  
20 consent, agrees to a material alteration in the nature or time  
21 of payment of a partnership obligation.

22 Sec. 36. NEW SECTION. 486.704 STATEMENT OF DISSOCIATION.

23 1. A dissociated partner or the partnership may file a  
24 statement of dissociation stating the name of the partnership  
25 and that the partner is dissociated from the partnership.

26 2. A statement of dissociation is a limitation on the  
27 authority of a dissociated partner for the purposes of section  
28 486.303, subsections 4 and 5.

29 3. For the purposes of sections 486.702, subsection 1,  
30 paragraph "c", and 486.703, subsection 2, paragraph "c", a  
31 person not a partner is deemed to have notice of the  
32 dissociation ninety days after the statement of dissociation  
33 is filed.

34 Sec. 37. NEW SECTION. 486.705 CONTINUED USE OF  
35 PARTNERSHIP NAME.

1 Continued use of a partnership name, or a dissociated  
2 partner's name as part thereof, by partners continuing the  
3 business does not of itself make the dissociated partner  
4 liable for an obligation of the partners or the partnership  
5 continuing the business.

6 ARTICLE 8  
7 WINDING UP PARTNERSHIP BUSINESS

8 Sec. 38. NEW SECTION. 486.801 EVENTS CAUSING DISSOLUTION  
9 AND WINDING UP OF PARTNERSHIP BUSINESS.

10 A partnership is dissolved, and its business must be wound  
11 up, only upon the occurrence of any of the following events:

12 1. In a partnership at will, the partnership's having  
13 notice from a partner, other than a partner who is dissociated  
14 under section 486.601, subsections 2 through 10, of that  
15 partner's express will to withdraw as a partner, or on a later  
16 date specified by the partner.

17 2. In a partnership for a definite term or particular  
18 undertaking if any of the following occur or are present:

19 a. The expiration of ninety days after a partner's  
20 dissociation by death or otherwise under section 486.601,  
21 subsections 6 through 10, or wrongful dissociation under  
22 section 486.602, subsection 2, unless before that time a  
23 majority in interest of the remaining partners, including  
24 partners who have rightfully dissociated pursuant to section  
25 486.602, subsection 2, paragraph "b", subparagraph (1), agree  
26 to continue the partnership.

27 b. The express will of all of the partners to wind up the  
28 partnership business.

29 c. The expiration of the term or the completion of the  
30 undertaking.

31 3. An event agreed to in the partnership agreement  
32 resulting in the winding up of the partnership business.

33 4. An event that makes it unlawful for all or  
34 substantially all of the business of the partnership to be  
35 continued, but a cure of illegality within ninety days after



1 notice to the partnership of the event is effective  
2 retroactively to the date of the event for purposes of this  
3 section.

4 5. On application by a partner, a judicial determination  
5 that concludes any of the following:

6 a. The economic purpose of the partnership is likely to be  
7 unreasonably frustrated.

8 b. Another partner has engaged in conduct relating to the  
9 partnership business which makes it not reasonably practicable  
10 to carry on the business in partnership with that partner.

11 c. It is not otherwise reasonably practicable to carry on  
12 the partnership business in conformity with the partnership  
13 agreement.

14 6. On application by a transferee of a partner's  
15 transferable interest, a judicial determination that it is  
16 equitable to wind up the partnership business at any of the  
17 following times:

18 a. After the expiration of the term or completion of the  
19 undertaking, if the partnership was for a definite term or  
20 particular undertaking at the time of the transfer or entry of  
21 the charging order that gave rise to the transfer.

22 b. At any time, if the partnership was a partnership at  
23 will at the time of the transfer or entry of the charging  
24 order that gave rise to the transfer.

25 Sec. 39. NEW SECTION. 486.802 PARTNERSHIP CONTINUES  
26 AFTER DISSOLUTION.

27 1. Subject to subsection 2, a partnership continues after  
28 dissolution only for the purpose of winding up its business.  
29 The partnership is terminated when the winding up of its  
30 business is completed.

31 2. At any time after the dissolution of a partnership and  
32 before the winding up of its business is completed, all of the  
33 partners, including any dissociating partner other than a  
34 wrongfully dissociating partner, may waive the right to have  
35 the partnership's business wound up and the partnership

1 terminated. In that event all of the following apply:

2 a. The partnership resumes carrying on its business as if  
3 dissolution had never occurred, and any liability incurred by  
4 the partnership or a partner after the dissolution and before  
5 the waiver is determined as if dissolution had never occurred.

6 b. The rights of a third party accruing under section  
7 486.804, subsection 1, or arising out of conduct in reliance  
8 on the dissolution before the third party knew or received a  
9 notification of the waiver shall not be adversely affected.

10 Sec. 40. NEW SECTION. 486.803 RIGHT TO WIND UP  
11 PARTNERSHIP BUSINESS.

12 1. After dissolution, a partner who has not wrongfully  
13 dissociated may participate in winding up the partnership's  
14 business, but on application of any partner, partner's legal  
15 representative, or transferee, the court, for good cause  
16 shown, may order judicial supervision of the winding up.

17 2. The legal representative of the last surviving partner  
18 may wind up a partnership's business.

19 3. A person winding up a partnership's business may  
20 preserve the partnership business or property as a going  
21 concern for a reasonable time, prosecute and defend actions  
22 and proceedings, whether civil, criminal, or administrative,  
23 settle and close the partnership's business, dispose of and  
24 transfer the partnership's property, discharge the  
25 partnership's liabilities, distribute the assets of the  
26 partnership pursuant to section 486.807, settle disputes by  
27 mediation or arbitration, and perform other necessary acts.

28 Sec. 41. NEW SECTION. 486.804 PARTNER'S POWER TO BIND  
29 PARTNERSHIP AFTER DISSOLUTION.

30 Subject to section 486.805, a partnership is bound by a  
31 partner's act after dissolution that meets any of the  
32 following criteria:

33 1. Is appropriate for winding up the partnership business.

34 2. Would have bound the partnership under section 486.301  
35 before dissolution, if the other party to the transaction did

1 not have notice of the dissolution.

2 Sec. 42. NEW SECTION. 486.805 STATEMENT OF DISSOLUTION.

3 1. After dissolution, a partner who has not wrongfully  
4 dissociated may file a statement of dissolution stating the  
5 name of the partnership and that the partnership has dissolved  
6 and is winding up its business.

7 2. A statement of dissolution cancels a filed statement of  
8 partnership authority for the purposes of section 486.303,  
9 subsection 4, and is a limitation on authority for the  
10 purposes of section 486.303, subsection 5.

11 3. For the purposes of sections 486.301 and 486.804, a  
12 person not a partner is deemed to have notice of the  
13 dissolution and the limitation on the partners' authority as a  
14 result of the statement of dissolution ninety days after it is  
15 filed.

16 4. After filing and, if appropriate, recording a statement  
17 of dissolution, a dissolved partnership may file and, if  
18 appropriate, record a statement of partnership authority which  
19 will operate with respect to a person not a partner as  
20 provided in section 486.303, subsections 4 and 5, in any  
21 transaction, whether or not the transaction is appropriate for  
22 winding up the partnership business.

23 Sec. 43. NEW SECTION. 486.806 PARTNER'S LIABILITY TO  
24 OTHER PARTNERS AFTER DISSOLUTION.

25 1. Except as otherwise provided in subsection 2 and  
26 section 486.306, after dissolution a partner is liable to the  
27 other partners for the partner's share of any partnership  
28 liability incurred under section 486.804.

29 2. A partner who, with knowledge of the dissolution,  
30 incurs a partnership liability under section 486.804,  
31 subsection 2, by an act that is not appropriate for winding up  
32 the partnership business is liable to the partnership for any  
33 damage caused to the partnership arising from the liability.

34 Sec. 44. NEW SECTION. 486.807 SETTLEMENT OF ACCOUNTS AND  
35 CONTRIBUTIONS AMONG PARTNERS.

1 1. In winding up a partnership's business, the assets of  
2 the partnership, including the contributions of the partners  
3 required by this section, must be applied to discharge its  
4 obligations to creditors, including, to the extent permitted  
5 by law, partners who are creditors. Any surplus must be  
6 applied to pay in cash the net amount distributable to  
7 partners in accordance with their right to distributions under  
8 subsection 2.

9 2. Each partner is entitled to a settlement of all  
10 partnership accounts upon winding up the partnership business.  
11 In settling accounts among the partners, profits and losses  
12 that result from the liquidation of the partnership assets  
13 must be credited and charged to the partners' accounts. The  
14 partnership shall make a distribution to a partner in an  
15 amount equal to any excess of the credits over the charges in  
16 the partner's account. A partner shall contribute to the  
17 partnership an amount equal to any excess of the charges over  
18 the credits in the partner's account, but excluding from the  
19 calculation charges attributable to an obligation for which  
20 the partner is not personally liable under section 486.306.

21 3. If a partner fails to contribute the full amount  
22 required under subsection 2, all of the other partners shall  
23 contribute, in the proportions in which those partners share  
24 partnership losses, the additional amount necessary to satisfy  
25 the partnership obligations for which they are personally  
26 liable under section 486.306. A partner or partner's legal  
27 representative may recover from the other partners any  
28 contributions the partner makes to the extent the amount  
29 contributed exceeds that partner's share of the partnership  
30 obligations for which the partner is personally liable under  
31 section 486.306.

32 4. After the settlement of accounts, each partner shall  
33 contribute, in the proportion in which the partner shares  
34 partnership losses, the amount necessary to satisfy  
35 partnership obligations that were not known at the time of the

1 settlement and for which the partner is personally liable  
2 under section 486.306.

3 5. The estate of a deceased partner is liable for the  
4 partner's obligation to contribute to the partnership.

5 6. An assignee for the benefit of creditors of a  
6 partnership or a partner, or a person appointed by a court to  
7 represent creditors of a partnership or a partner, may enforce  
8 a partner's obligation to contribute to the partnership.

9 ARTICLE 9

10 CONVERSIONS AND MERGERS

11 Sec. 45. NEW SECTION. 486.901 DEFINITIONS.

12 In this article:

13 1. "General partner" means a partner in a partnership and  
14 a general partner in a limited partnership.

15 2. "Limited partner" means a limited partner in a limited  
16 partnership.

17 3. "Limited partnership" means a limited partnership  
18 created under chapter 487, predecessor law, or comparable law  
19 of another jurisdiction.

20 4. "Partner" includes both a general partner and a limited  
21 partner.

22 Sec. 46. NEW SECTION. 486.902 CONVERSION OF PARTNERSHIP  
23 TO LIMITED PARTNERSHIP.

24 1. A partnership may be converted to a limited partnership  
25 pursuant to this section.

26 2. The terms and conditions of a conversion of a  
27 partnership to a limited partnership must be approved by all  
28 of the partners or by a number or percentage specified for  
29 conversion in the partnership agreement.

30 3. After the conversion is approved by the partners, the  
31 partnership shall file a certificate of limited partnership in  
32 the jurisdiction in which the limited partnership is to be  
33 formed. The certificate must include all of the following:

34 a. A statement that the partnership was converted to a  
35 limited partnership from a partnership.

1 b. Its former name.

2 c. A statement of the number of votes cast by the partners  
3 for and against the conversion and, if the vote is less than  
4 unanimous, the number or percentage required to approve the  
5 conversion under the partnership agreement.

6 4. The conversion takes effect when the certificate of  
7 limited partnership is filed or at any later date specified in  
8 the certificate.

9 5. A general partner who becomes a limited partner as a  
10 result of the conversion remains liable as a general partner  
11 for an obligation incurred by the partnership before the  
12 conversion takes effect. If the other party to a transaction  
13 with the limited partnership reasonably believes when entering  
14 the transaction that the limited partner is a general partner,  
15 the limited partner is liable for an obligation incurred by  
16 the limited partnership within ninety days after the  
17 conversion takes effect. The limited partner's liability for  
18 all other obligations of the limited partnership incurred  
19 after the conversion takes effect is that of a limited partner  
20 as provided in chapter 487.

21 Sec. 47. NEW SECTION. 486.903 CONVERSION OF LIMITED  
22 PARTNERSHIP TO PARTNERSHIP.

23 1. A limited partnership may be converted to a partnership  
24 pursuant to this section.

25 2. Notwithstanding a provision to the contrary in a  
26 limited partnership agreement, the terms and conditions of a  
27 conversion of a limited partnership to a partnership must be  
28 approved by all of the partners.

29 3. After the conversion is approved by the partners, the  
30 limited partnership shall cancel its certificate of limited  
31 partnership.

32 4. The conversion takes effect when the certificate of  
33 limited partnership is canceled.

34 5. A limited partner who becomes a general partner as a  
35 result of the conversion remains liable only as a limited

1 partner for an obligation incurred by the limited partnership  
2 before the conversion takes effect. Except as otherwise  
3 provided in section 486.306, the partner is liable as a  
4 general partner for an obligation of the partnership incurred  
5 after the conversion takes effect.

6 Sec. 48. NEW SECTION. 486.904 EFFECT OF CONVERSION --  
7 ENTITY UNCHANGED.

8 1. A partnership or limited partnership that has been  
9 converted pursuant to this article is for all purposes the  
10 same entity that existed before the conversion.

11 2. When a conversion takes effect all of the following  
12 apply:

13 a. All property owned by the converting partnership or  
14 limited partnership remains vested in the converted entity.

15 b. All obligations of the converting partnership or  
16 limited partnership continue as obligations of the converted  
17 entity.

18 c. An action or proceeding pending against the converting  
19 partnership or limited partnership may be continued as if the  
20 conversion had not occurred.

21 Sec. 49. NEW SECTION. 486.905 MERGER OF PARTNERSHIPS.

22 1. Pursuant to a plan of merger approved as provided in  
23 subsection 3, a partnership may be merged with one or more  
24 partnerships or limited partnerships.

25 2. The plan of merger must set forth all of the following:

26 a. The name of each partnership or limited partnership  
27 that is a party to the merger.

28 b. The name of the surviving entity into which the other  
29 partnerships or limited partnerships will merge.

30 c. Whether the surviving entity is a partnership or a  
31 limited partnership and the status of each partner.

32 d. The terms and conditions of the merger.

33 e. The manner and basis of converting the interests of  
34 each party to the merger into interests or obligations of the  
35 surviving entity, or into money or other property in whole or

1 part.

2 f. The street address of the surviving entity's chief  
3 executive office.

4 3. The plan of merger must be approved as follows:

5 a. In the case of a partnership that is a party to the  
6 merger, by all of the partners, or a number or percentage  
7 specified for merger in the partnership agreement.

8 b. In the case of a limited partnership that is a party to  
9 the merger, by the vote required for approval of a merger by  
10 the law of the state or foreign jurisdiction in which the  
11 limited partnership is organized and, in the absence of such a  
12 specifically applicable law, by all of the partners,  
13 notwithstanding a provision to the contrary in the partnership  
14 agreement.

15 4. After a plan of merger is approved and before the  
16 merger takes effect, the plan may be amended or abandoned as  
17 provided in the plan.

18 5. The merger takes effect on the later of any of the  
19 following:

20 a. The approval of the plan of merger by all parties to  
21 the merger, as provided in subsection 3.

22 b. The filing of all documents required by law to be filed  
23 as a condition to the effectiveness of the merger.

24 c. Any effective date specified in the plan of merger.

25 Sec. 50. NEW SECTION. 486.906 EFFECT OF MERGER.

26 1. When a merger takes effect all of the following apply:

27 a. The separate existence of every partnership or limited  
28 partnership that is a party to the merger, other than the  
29 surviving entity, ceases.

30 b. All property owned by each of the merged partnerships  
31 or limited partnerships vests in the surviving entity.

32 c. All obligations of every partnership or limited  
33 partnership that is a party to the merger become the  
34 obligations of the surviving entity.

35 d. An action or proceeding pending against a partnership



1 or limited partnership that is a party to the merger may be  
2 continued as if the merger had not occurred, or the surviving  
3 entity may be substituted as a party to the action or  
4 proceeding.

5 2. The secretary of state of this state is the agent for  
6 service of process in an action or proceeding against a  
7 surviving foreign partnership or limited partnership to  
8 enforce an obligation of a domestic partnership or limited  
9 partnership that is a party to a merger. The surviving entity  
10 shall promptly notify the secretary of state of the mailing  
11 address of its chief executive office and of any change of  
12 address. Upon receipt of process, the secretary of state  
13 shall mail a copy of the process to the surviving foreign  
14 partnership or limited partnership.

15 3. A partner of the surviving partnership or limited  
16 partnership is liable for all of the following:

17 a. All obligations of a party to the merger for which the  
18 partner was personally liable before the merger.

19 b. All other obligations of the surviving entity incurred  
20 before the merger by a party to the merger, but those  
21 obligations may be satisfied only out of property of the  
22 entity.

23 c. Except as otherwise provided in section 486.306, all  
24 obligations of the surviving entity incurred after the merger  
25 takes effect, but those obligations may be satisfied only out  
26 of property of the entity if the partner is a limited partner.

27 4. If the obligations incurred before the merger by a  
28 party to the merger are not satisfied out of the property of  
29 the surviving partnership or limited partnership, the general  
30 partners of that party immediately before the effective date  
31 of the merger shall contribute the amount necessary to satisfy  
32 that party's obligations to the surviving entity, in the  
33 manner provided in section 486.807 or in chapter 487 or under  
34 the law of the jurisdiction in which the party was formed, as  
35 the case may be, as if the merged party were dissolved.

1 5. A partner of a party to a merger who does not become a  
2 partner of the surviving partnership or limited partnership is  
3 dissociated from the entity, of which that partner was a  
4 partner, as of the date the merger takes effect. The  
5 surviving entity shall cause the partner's interest in the  
6 entity to be purchased under section 486.701 or another  
7 statute specifically applicable to that partner's interest  
8 with respect to a merger. The surviving entity is bound under  
9 section 486.702 by an act of a general partner dissociated  
10 under this subsection, and the partner is liable under section  
11 486.703 for transactions entered into by the surviving entity  
12 after the merger takes effect.

13 Sec. 51. NEW SECTION. 486.907 STATEMENT OF MERGER.

14 1. After a merger, the surviving partnership or limited  
15 partnership may file a statement that one or more partnerships  
16 or limited partnerships have merged into the surviving entity.

17 2. A statement of merger must contain all of the  
18 following:

19 a. The name of each partnership or limited partnership  
20 that is a party to the merger.

21 b. The name of the surviving entity into which the other  
22 partnerships or limited partnership were merged.

23 c. The street address of the surviving entity's chief  
24 executive office and of an office in this state, if any.

25 d. Whether the surviving entity is a partnership or a  
26 limited partnership.

27 3. Except as otherwise provided in subsection 4, for the  
28 purposes of section 486.302, property of the surviving  
29 partnership or limited partnership which before the merger was  
30 held in the name of another party to the merger is property  
31 held in the name of the surviving entity upon filing a  
32 statement of merger.

33 4. For the purposes of section 486.302, real property of  
34 the surviving partnership or limited partnership which before  
35 the merger was held in the name of another party to the merger

1 is property held in the name of the surviving entity upon  
2 recording a certified copy of the statement of merger in the  
3 office for recording transfers of that real property.

4 5. A filed and, if appropriate, recorded statement of  
5 merger, executed and declared to be accurate pursuant to  
6 section 486.105, subsection 3, stating the name of a  
7 partnership or limited partnership that is a party to the  
8 merger in whose name property was held before the merger and  
9 the name of the surviving entity, but not containing all of  
10 the other information required by subsection 2, operates with  
11 respect to the partnerships or limited partnerships named to  
12 the extent provided in subsections 3 and 4.

13 Sec. 52. NEW SECTION. 486.908 NONEXCLUSIVE.

14 This article is not exclusive. Partnerships or limited  
15 partnerships may be converted or merged in any other manner  
16 provided by law.

17 ARTICLE 10

18 LIMITED LIABILITY PARTNERSHIP

19 Sec. 53. NEW SECTION. 486.1001 STATEMENT OF  
20 QUALIFICATION.

21 1. A partnership may become a limited liability  
22 partnership pursuant to this section.

23 2. The terms and conditions on which a partnership becomes  
24 a limited liability partnership must be approved by the vote  
25 necessary to amend the partnership agreement except, in the  
26 case of a partnership agreement that expressly considers  
27 obligations to contribute to the partnership, by the vote  
28 necessary to amend those provisions.

29 3. After the approval required by subsection 2, a  
30 partnership may become a limited liability partnership by  
31 filing a statement of qualification. The statement must  
32 contain all of the following:

33 a. The name of the partnership.

34 b. The street address of the partnership's chief executive  
35 office and, if different, the street address of an office in

1 this state, if any.

2 c. If the partnership does not have an office in this  
3 state, the name and street address of the partnership's agent  
4 for service of process.

5 d. A statement that the partnership elects to be a limited  
6 liability partnership.

7 e. A deferred effective date, if any.

8 4. The agent of a limited liability partnership for  
9 service of process must be an individual who is a resident of  
10 this state or other person authorized to do business in this  
11 state.

12 5. The status of a partnership as a limited liability  
13 partnership is effective on the later of the filing of the  
14 statement or a date specified in the statement. The status  
15 remains effective, regardless of changes in the partnership,  
16 until it is canceled pursuant to section 486.105, subsection  
17 4, or revoked pursuant to section 486.1003.

18 6. The status of a partnership as a limited liability  
19 partnership and the liability of its partners is not affected  
20 by errors or later changes in the information required to be  
21 contained in the statement of qualification under subsection  
22 3.

23 7. The filing of a statement of qualification establishes  
24 that a partnership has satisfied all conditions precedent to  
25 the qualification of the partnership as a limited liability  
26 partnership.

27 8. An amendment or cancellation of a statement of  
28 qualification is effective when it is filed or on a deferred  
29 effective date specified in the amendment or cancellation.

30 Sec. 54. NEW SECTION. 486.1002 NAME.

31 The name of a limited liability partnership must end with  
32 "Registered Limited Liability Partnership", "Limited Liability  
33 Partnership", "R.L.L.P.", "L.L.P.", "RLLP", or "LLP".

34 Sec. 55. NEW SECTION. 486.1003 ANNUAL REPORT.

35 1. A limited liability partnership, and a foreign limited

1 liability partnership authorized to transact business in this  
2 state, shall file an annual report in the office of the  
3 secretary of state which contains all of the following:

4 a. The name of the limited liability partnership and the  
5 state or other jurisdiction under whose laws the foreign  
6 limited liability partnership is formed.

7 b. The street address of the partnership's chief executive  
8 office and, if different, the street address of an office of  
9 the partnership in this state, if any.

10 c. If the partnership does not have an office in this  
11 state, the name and street address of the partnership's  
12 current agent for service of process.

13 2. An annual report must be filed between January 1 and  
14 April 1 of each year following the calendar year in which a  
15 partnership files a statement of qualification or a foreign  
16 partnership becomes authorized to transact business in this  
17 state.

18 3. The secretary of state may revoke the statement of  
19 qualification of a partnership that fails to file an annual  
20 report when due or pay the required filing fee. To do so, the  
21 secretary of state shall provide the partnership at least  
22 sixty days' written notice of intent to revoke the statement.  
23 The notice must be mailed to the partnership at its chief  
24 executive office set forth in the last filed statement of  
25 qualification or annual report. The notice must specify the  
26 annual report that has not been filed, the fee that has not  
27 been paid, and the effective date of the revocation. The  
28 revocation is not effective if the annual report is filed and  
29 the fee is paid before the effective date of the revocation.

30 4. A revocation under subsection 3 only affects a  
31 partnership's status as a limited liability partnership and is  
32 not an event of dissolution of the partnership.

33 5. A partnership whose statement of qualification has been  
34 revoked may apply to the secretary of state for reinstatement  
35 within two years after the effective date of the revocation.

1 The application must state both of the following:

2 a. The name of the partnership and the effective date of  
3 the revocation.

4 b. That the ground for revocation either did not exist or  
5 has been corrected.

6 6. A reinstatement under subsection 5 relates back to and  
7 takes effect as of the effective date of the revocation, and  
8 the partnership's status as a limited liability partnership  
9 continues as if the revocation had never occurred.

10 ARTICLE 11

11 FOREIGN LIMITED LIABILITY PARTNERSHIP

12 Sec. 56. NEW SECTION. 486.1101 LAW GOVERNING FOREIGN  
13 LIMITED LIABILITY PARTNERSHIP.

14 1. The law under which a foreign limited liability  
15 partnership is formed governs relations among the partners and  
16 between the partners and the partnership and the liability of  
17 partners for obligations of the partnership.

18 2. A foreign limited liability partnership may not be  
19 denied a statement of foreign qualification by reason of any  
20 difference between the law under which the partnership was  
21 formed and the law of this state.

22 3. A statement of foreign qualification does not authorize  
23 a foreign limited liability partnership to engage in any  
24 business or exercise any power that a partnership may not  
25 engage in or exercise in this state as a limited liability  
26 partnership.

27 Sec. 57. NEW SECTION. 486.1102 STATEMENT OF FOREIGN  
28 QUALIFICATION.

29 1. Before transacting business in this state, a foreign  
30 limited liability partnership must file a statement of foreign  
31 qualification. The statement must contain all of the  
32 following:

33 a. The name of the foreign limited liability partnership  
34 which satisfies the requirements of the state or other  
35 jurisdiction under whose law it is formed and ends with

1 "Required Limited Liability Partnership", "Limited Liability  
2 Partnership", "R.L.L.P.", "L.L.P.", "RLLP", or "LLP".

3 b. The street address of the partnership's chief executive  
4 office and, if different, the street address of an office of  
5 the partnership in this state, if any.

6 c. If there is no office of the partnership in this state,  
7 the name and street address of the partnership's agent for  
8 service of process.

9 d. A deferred effective date, if any.

10 2. The agent of a foreign limited liability company for  
11 service of process must be an individual who is a resident of  
12 this state or other person authorized to do business in this  
13 state.

14 3. The status of a partnership as a foreign limited  
15 liability partnership is effective on the later of the filing  
16 of the statement of foreign qualification or a date specified  
17 in the statement. The status remains effective, regardless of  
18 changes in the partnership, until it is canceled pursuant to  
19 section 486.105, subsection 4, or revoked pursuant to section  
20 486.1003.

21 4. An amendment or cancellation of a statement of foreign  
22 qualification is effective when it is filed or on a deferred  
23 effective date specified in the amendment or cancellation.

24 Sec. 58. NEW SECTION. 486.1103 EFFECT OF FAILURE TO  
25 QUALIFY.

26 1. A foreign limited liability partnership transacting  
27 business in this state may not maintain an action or  
28 proceeding in this state unless it has in effect a statement  
29 of foreign qualification.

30 2. The failure of a foreign limited liability partnership  
31 to have in effect a statement of foreign qualification does  
32 not impair the validity of a contract or act of the foreign  
33 limited liability partnership or preclude it from defending an  
34 action or proceeding in this state.

35 3. A limitation on personal liability of a partner is not

1 waived solely by transacting business in this state without a  
2 statement of foreign qualification.

3 4. If a foreign limited liability partnership transacts  
4 business in this state without a statement of foreign  
5 qualification, the secretary of state is its agent for service  
6 of process with respect to a right of action arising out of  
7 the transaction of business in this state.

8 Sec. 59. NEW SECTION. 486.1104 ACTIVITIES NOT  
9 CONSTITUTING TRANSACTING BUSINESS.

10 1. Activities of a foreign limited liability partnership  
11 which do not constitute transacting business for the purpose  
12 of this article include all of the following:

13 a. Maintaining, defending, or settling an action or  
14 proceeding.

15 b. Holding meetings of its partners or carrying on any  
16 other activity concerning its internal affairs.

17 c. Maintaining bank accounts.

18 d. Maintaining offices or agencies for the transfer,  
19 exchange, and registration of the partnership's own securities  
20 or maintaining trustees or depositories with respect to those  
21 securities.

22 e. Selling through independent contracts.

23 f. Soliciting or obtaining orders, whether by mail or  
24 through employees or agents or otherwise, if the orders  
25 require acceptance outside this state before they become  
26 contracts.

27 g. Creating or acquiring indebtedness, with or without a  
28 mortgage, or other security interest in property.

29 h. Collecting debts or foreclosing mortgages or other  
30 security interests in property securing the debts, and  
31 holding, protecting, and maintaining property so acquired.

32 i. Conducting an isolated transaction that is completed  
33 within thirty days and is not one in the course of similar  
34 transactions.

35 j. Transacting business in interstate commerce.



1 2. For purposes of this article, the ownership in this  
2 state of income-producing real property or tangible personal  
3 property, other than property excluded under subsection 1,  
4 constitutes transacting business in this state.

5 3. This section does not apply in determining the  
6 contracts or activities that may subject a foreign limited  
7 liability partnership to service of process, taxation, or  
8 regulation under any other law of this state.

9 Sec. 60. NEW SECTION. 486.1105 ACTION BY ATTORNEY  
10 GENERAL.

11 The attorney general may maintain an action to restrain a  
12 foreign limited liability partnership from transacting  
13 business in this state in violation of this article.

14 ARTICLE 12

15 MISCELLANEOUS PROVISIONS

16 Sec. 61. NEW SECTION. 486.1201 UNIFORMITY OF APPLICATION  
17 AND CONSTRUCTION.

18 This chapter shall be applied and construed to effectuate  
19 its general purpose to make uniform the law with respect to  
20 the subject of this chapter among states enacting it.

21 Sec. 62. NEW SECTION. 486.1202 SHORT TITLE.

22 This chapter may be cited as the "Uniform Partnership Act".

23 Sec. 63. SEVERABILITY CLAUSE. If any provision of this  
24 chapter or its application to any person or circumstance is  
25 held invalid, the invalidity does not affect other provisions  
26 or applications of this chapter which can be given effect  
27 without the invalid provision or application, and to this end  
28 the provisions of this chapter are severable.

29 Sec. 64. SAVINGS CLAUSE. This Act does not affect an  
30 action or proceeding commenced or right accrued before this  
31 Act takes effect.

32 Sec. 65. REPEAL. Chapter 486, Code 1997, is repealed  
33 effective July 1, 1998.

34 Sec. 66. EFFECTIVE DATE. This Act takes effect July 1,  
35 1998.

EXPLANATION

1

2 This bill rewrites chapter 486 relating to partnerships in  
3 conformance with a draft prepared by the national conference  
4 of commissioners on uniform state laws.

5 Article 1 includes general provisions including  
6 definitions, the effect of a partnership agreement, the law  
7 governing internal relations, and other general provisions.

8 Article 2 relates to the nature of the partnership and  
9 includes provisions relating to the partnership as an entity,  
10 the formation of the partnership, partnership property, and  
11 when property is property of the partnership.

12 Article 3 relates to the relations of partners to persons  
13 dealing with the partnership and includes provisions relating  
14 to a partner as agent of the partnership, transfer of  
15 partnership property, statement of partnership authority,  
16 statement of denial, liability of a partnership for a  
17 partner's actionable conduct, liability of a partner, legal  
18 actions by and against the partnership and partners, and the  
19 liability of a purported partner.

20 Article 4 relates to the relations of the partners to each  
21 other and to the partnership and includes provisions relating  
22 to a partner's rights and duties, distributions in kind, the  
23 partner's rights and duties with respect to information,  
24 general standards of a partner's conduct, actions by the  
25 partnership and partners, and the continuation of the  
26 partnership beyond a definite term or particular undertaking.

27 Article 5 relates to transferees and creditors of a partner  
28 and includes provisions relating to partnership property and  
29 providing that a partner is not a co-owner of partnership  
30 property, a partner's transferable interest in a partnership,  
31 the transfer of a partner's transferable interest, and a  
32 partner's transferable interest being subject to a charging  
33 order.

34 Article 6 relates to a partner's dissociation with the  
35 partnership and includes provisions relating to events causing

1 a partner's dissociation, a partner's power to dissociate and  
2 wrongful dissociation, and the effect of a partner's  
3 dissociation.

4 Article 7 relates to a partner's dissociation with the  
5 partnership when the business of the partnership is not wound  
6 up, and includes provisions relating to the purchase of the  
7 dissociated partner's interest, the dissociated partner's  
8 power to bind the partnership, the dissociated partner's  
9 liability to other persons, the statement of dissociation, and  
10 the continued use of the partnership name by the partners  
11 continuing the business.

12 Article 8 relates to the winding up of the partnership  
13 business and includes provisions relating to events causing  
14 dissolution and winding up of the partnership business,  
15 continuation of the partnership after dissolution, the right  
16 to wind up partnership business, a partner's power to bind the  
17 partnership after dissolution, statement of dissolution, a  
18 partner's liability to the other partners after dissolution,  
19 and the settlement of accounts and contributions among the  
20 partners.

21 Article 9 relates to conversions and mergers involving a  
22 partnership and includes provisions relating to the conversion  
23 of a partnership to a limited partnership, the conversion of a  
24 limited partnership to a partnership, the effect of a  
25 conversion, the merger of partnerships, the effect of a  
26 merger, and the statement of merger.

27 Article 10 relates to a partnership becoming a limited  
28 liability partnership and includes provisions relating to the  
29 statement of qualification, the name of the limited liability  
30 partnership, and the annual report which must be filed by the  
31 limited liability partnership.

32 Article 11 relates to foreign limited liability  
33 partnerships and includes provisions relating to the law  
34 governing foreign limited liability partnerships, the  
35 statement of foreign qualification, the effect of failing to

1 qualify, activities not constituting transacting business, and  
2 authorizing an action by the attorney general to restrain a  
3 foreign limited liability partnership from transacting  
4 business in violation of the article.

5 Article 12 includes miscellaneous provisions including the  
6 uniformity of application and construction provision and the  
7 short title of the Act.

8 The bill includes a severability clause provision, an  
9 effective date provision, a savings clause provision, and the  
10 repeal of existing chapter 486 effective July 1, 1998.

11 The bill takes effect July 1, 1998.

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SENATE FILE 2311  
FISCAL NOTE

A fiscal note for Amendment H-8544 to Senate File 2311 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Amendment H-8544 to SF 2311 rewrites Chapter 486, Code of Iowa, relating to partnerships including establishing filing requirements, submitting annual reports, and other miscellaneous provisions.

ASSUMPTIONS

1. Currently there are no registration requirements for partnerships and no historical data to base the number of partnership filings.
2. Based upon the number of other entities registering with the Office of the Secretary of State and the number of existing partnerships in the State, approximately 1,250 partnerships in FY 1999 and 750 partnerships in FY 2000 will register with the Office of the Secretary of State.
3. Approximately 375 other partnership documents in FY 1999 and 500 other partnership documents in FY 2000 will be filed with the Office of the Secretary of State.
4. The following fees for partnership documents would be assessed:
 

Statement of partnership	\$50
Amendment of statement of partnership	20
Cancellation of statement of partnership	20
Statement of denial	5
Statement of disassociation	5
Certificate of conversion to limited partnership	5
Cancellation of limited partnership	5
Statement of merger	5
5. One temporary employee and 1.0 FTE position are needed to assist with the filing of partnership documents and limited liability partnership annual reports. The cost for these positions is \$14,000 in FY 1999. These positions will be Information Technology Support Worker 2 positions.
6. In FY 2000 the cost for the 1.0 FTE position is \$23,000 and no temporary employee will be used.
7. The cost for supplies, equipment, postage, and communication to process the new documents is \$10,000 in FY 1999 and \$11,000 in FY 2000.
8. A new database will be developed by the Office of the Secretary of State to store partnership documents. The development cost is \$1,000 in FY 1999 and \$0 in FY 2000.
9. Estimated filing fee revenues to the General Fund will be \$66,000 in FY 1999 and \$43,000 in FY 2000.
10. FY 1999 estimates are based on SF 2311 being enacted on January 1, 1999.

FISCAL IMPACT

The estimated net fiscal effect to the General Fund of Amendment H-8544 to SF

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2311 is \$41,000 in increased revenue in FY 1999 and \$9,000 in FY 2000.

SOURCE

Office of the Secretary of State

(LSB 1183sv.2, CIB)

FILED APRIL 3, 1998

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 2311  
FISCAL NOTE

A fiscal note for Senate File 2311 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 2311 rewrites Chapter 486, Code of Iowa, relating to partnerships including establishing filing requirements, submitting annual reports, and other miscellaneous provisions.

ASSUMPTIONS

1. Currently there are no registration requirements for partnerships and no historical data to base the number of partnership filings.
2. Based upon the number of other entities registering with the Office of the Secretary of State and the number of existing partnerships in the State, approximately 2,500 partnerships in FY 1999 and 750 partnerships in FY 2000 will register with the Office of the Secretary of State.
3. Approximately 750 other partnership documents in FY 1999 and 500 other partnership documents in FY 2000 will be filed with the Office of the Secretary of State.
4. No fees for partnerships are established in this Bill. Therefore, fees are assessed based on current fees for limited partnerships.
5. No fees for limited liability partnership annual reports are established in this Bill. Therefore, fees are assessed based on current corporation annual report fees of \$45 per report.
6. Approximately 275 limited liability partnership annual reports in FY 1999 and 300 limited liability partnership annual reports in FY 2000 will be filed with the Office of the Secretary of State.
7. One temporary employee and 1.0 FTE position are needed to assist with the filing of partnership documents and limited liability partnership annual reports. The cost for these positions is \$43,000 in FY 1999. These positions will be Information Technology Support Worker 2 positions.
8. In FY 2000 the cost for the 1.0 FTE position is \$23,000 and no temporary employee will be used.
9. The cost for supplies, equipment, postage, and communication to process the new documents is \$20,000 in FY 1999 and \$11,000 in FY 2000.
10. A new database will be developed by the Office of the Secretary of State to store partnership documents. The development cost is \$1,000 in FY 1999 and \$0 in FY 2000.
11. Estimated filing fee revenues to the General Fund will be \$296,000 in FY 1999 and \$139,000 in FY 2000.

FISCAL IMPACT

The estimated net fiscal effect of SF 2311 to the General Fund is \$232,000 in increased revenue in FY 1999 and \$105,000 in increased revenue in FY 2000.

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SOURCE

Office of the Secretary of State

(LSB 1183SV, CIB)

FILED MARCH 5, 1998

BY DENNIS PROUTY, FISCAL DIRECTOR

## SENATE FILE 2311

S-5224

- 1 Amend Senate File 2311 as follows:  
2 1. Page 2, by striking lines 9 through 12 and  
3 inserting the following:  
4 "10. "Person" means as defined in section 4.1."  
5 2. Page 2, line 14, by striking the word  
6 "therein" and inserting the following: "in such  
7 property".  
8 3. Page 2, by striking lines 15 through 18 and  
9 inserting the following:  
10 "12. "State" means a state, territory, or  
11 possession of the United States, the District of  
12 Columbia, or the Commonwealth of Puerto Rico."  
13 4. Page 16, line 29, by inserting after the word  
14 "property" the following: ", if such payments were  
15 made or liabilities incurred without violation of the  
16 partner's duties to the partnership or the other  
17 partners".  
18 5. Page 23, line 32, by inserting after the word  
19 "partnership" the following: ", limited partnership,  
20 or limited liability company".  
21 6. Page 24, line 28, by inserting after the word  
22 "a" the following: "general".  
23 7. Page 27, line 34, by inserting after the word  
24 "A" the following: "written".  
25 8. Page 28, line 3, by striking the word "An" and  
26 inserting the following: "A written".  
27 9. Page 31, line 2, by striking the word  
28 "thereof" and inserting the following: "of a  
29 partnership name".  
30 10. Page 43, by striking lines 2 through 4 and  
31 inserting the following:  
32 "c. The address of a registered office and the  
33 name and address of a registered agent for service of  
34 process in this state, which the partnership is  
35 required to maintain as provided in section 486.1211."  
36 11. Page 43, by striking lines 8 through 11 and  
37 inserting the following:  
38 "4. The statement shall be executed by one or more  
39 partners authorized to execute the statement on behalf  
40 of the partnership."  
41 12. Page 43, by striking lines 16 and 17 and  
42 inserting the following: "until the statement is  
43 canceled pursuant to section 486.105, subsection 4."  
44 13. By striking page 43, line 34, through page  
45 45, line 9.  
46 14. Page 46, line 1, by striking the word  
47 "Required" and inserting the following: "Registered".  
48 15. Page 46, by striking lines 19 and 20 and  
49 inserting the following: "section 486.105, subsection  
50 4."

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Page 2

1 16. Page 48, by inserting after line 13 the  
2 following:

3 "ARTICLE 12  
4 FILING PROVISIONS  
5 Sec. \_\_\_\_ . NEW SECTION. 486.1201 FILING  
6 REQUIREMENTS.

7 1. A document shall satisfy the requirements of  
8 this section, and of any other section that adds to or  
9 varies these requirements, to be entitled to filing.

10 2. The document shall be filed in the office of  
11 the secretary of state.

12 3. The document shall contain the information  
13 required by this chapter. The document may contain  
14 other information as well.

15 4. The document shall be typewritten or printed.  
16 The typewritten or printed portion shall be black.  
17 Manually signed photocopies, or other reproduced  
18 copies, including facsimiles or other electronically  
19 or computer-generated copies of typewritten or printed  
20 documents may be filed.

21 5. The document shall be in the English language.  
22 A limited partnership name need not be in English if  
23 written in English letters or arabic or roman  
24 numerals.

25 6. Except as otherwise provided in this chapter,  
26 the document shall be executed by one of the following  
27 methods:

28 a. By two or more partners.

29 b. By a person authorized under this chapter, the  
30 partnership agreement, or other law to execute the  
31 document.

32 c. If the partnership is in the hands of a  
33 receiver, trustee, or other court-appointed fiduciary,  
34 by such receiver, trustee, or fiduciary.

35 d. If the document is that of a registered agent,  
36 by the registered agent, if the person is an  
37 individual, or by a person authorized by the  
38 registered agent to execute the document, if the  
39 registered agent is an entity.

40 7. The person executing the document shall sign it  
41 and state beneath or opposite the person's signature,  
42 the person's name and the capacity in which the person  
43 signs. The secretary of state may accept for filing a  
44 document containing a copy of a signature, however  
45 made.

46 8. If, pursuant to any provision of this chapter,  
47 the secretary of state has prescribed a mandatory form  
48 for the document, the document shall be in or on the  
49 prescribed form.

50 9. The document shall be delivered to the office

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1 of the secretary of state for filing and shall be  
2 accompanied by the correct filing fee.

3 10. The secretary of state may adopt rules for the  
4 electronic filing of documents and the certification  
5 of electronically filed documents.

6 Sec. \_\_\_\_ . NEW SECTION. 486.1202 FEES.

7 1. The secretary of state shall collect fees for  
8 documents described in this subsection which are  
9 delivered to the secretary's office for filing as  
10 follows:

11 DOCUMENT	FEE
12 a. Statement of qualification .....	\$100
13 b. Statement of foreign qualification .....	\$100
14 c. Amendment to statement of qualification .....	\$ 20
15 d. Amendment to statement of foreign qualification ..	\$ 20
16 e. Cancellation of statement of qualification .....	\$ 20
17 f. Cancellation of statement of foreign 18 qualification .....	\$ 20
19 g. Application for certificate of existence or 20 qualification .....	\$ 5
21 h. Any other statement or document required or 22 permitted to be filed .....	\$ 5

23 2. The secretary of state shall collect a fee of  
24 five dollars each time process is served on the  
25 secretary under this chapter. The party to a  
26 proceeding causing service of process is entitled to  
27 recover this fee as costs if the party prevails in the  
28 proceeding.

29 3. The secretary of state shall collect fees for  
30 copying and certifying the copy of any filed document  
31 relating to a domestic or foreign partnership as  
32 follows:

- 33 a. One dollar a page for copying.
- 34 b. Five dollars for the certificate.

35 Sec. \_\_\_\_ . NEW SECTION. 486.1203 EFFECTIVE TIME

36 AND DATE OF DOCUMENTS.

37 1. Except as provided in subsection 2 and section  
38 486.1204, subsection 3, a document accepted for filing  
39 is effective at the later of the following:

- 40 a. At the time of filing on the date it is filed,  
41 as evidenced by the secretary of state's date and time  
42 endorsement on the original document.
- 43 b. At the time specified in the document as its  
44 effective time on the date it is filed.

45 2. A document may specify a delayed effective time  
46 and date, and if it does so the document becomes  
47 effective at the time and date specified. If a  
48 delayed effective date but no time is specified, the  
49 document is effective at the close of business on that  
50 date. A delayed effective date for a document shall

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1 not be later than the ninetieth day after the date it  
2 is filed.

3 Sec. \_\_\_\_\_. NEW SECTION. 486.1204 CORRECTING FILED  
4 DOCUMENTS.

5 1. A partnership may correct a document filed by  
6 the secretary of state if the document satisfies one  
7 or both of the following:

8 a. The document contains an incorrect statement.

9 b. The document was defectively executed,  
10 attested, sealed, verified, or acknowledged.

11 2. A document is corrected by complying with both  
12 of the following:

13 a. By preparing a statement of correction that  
14 satisfies all of the following:

15 (1) The statement describes the document,  
16 including its filing date, or a copy of the document  
17 is attached to the statement.

18 (2) The statement specifies the incorrect  
19 statement and the reason it is incorrect or the manner  
20 in which the execution was defective.

21 (3) The statement corrects the incorrect statement  
22 or defective execution.

23 b. By delivering the statement to the secretary of  
24 state for filing.

25 3. Statements of corrections are effective on the  
26 effective date of the document they correct except as  
27 to persons relying on the uncorrected document and  
28 adversely affected by the correction. As to those  
29 persons, statements of correction are effective when  
30 filed.

31 Sec. \_\_\_\_\_. NEW SECTION. 486.1205 FILING DUTY OF  
32 SECRETARY OF STATE.

33 1. If a document delivered to the office of the  
34 secretary of state for filing satisfies the  
35 requirements of section 486.1201, the secretary of  
36 state shall file it and issue any necessary  
37 certificate.

38 2. The secretary of state files a document by  
39 stamping or otherwise endorsing "filed", together with  
40 the secretary of state's name and official title and  
41 the date and time of receipt, on both the document and  
42 the receipt for the filing fee. After filing a  
43 document, and except as provided in sections 486.304  
44 and 486.1213, the secretary of state shall deliver the  
45 document, with the filing fee receipt, or  
46 acknowledgment of receipt if no fee is required,  
47 attached, to the domestic or foreign partnership or  
48 its representative.

49 3. If the secretary of state refuses to file a  
50 document, the secretary of state shall return it to

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1 the domestic or foreign partnership or its  
2 representative within ten days after the document was  
3 received by the secretary of state, together with a  
4 brief, written explanation of the reason for the  
5 refusal.

6 4. The secretary of state's duty to file documents  
7 under this section is ministerial. Filing or refusing  
8 to file a document does not do any of the following:

9 a. Affect the validity or invalidity of the  
10 document in whole or part.

11 b. Relate to the correctness or incorrectness of  
12 information contained in the document.

13 c. Create a presumption that the document is valid  
14 or invalid or that information contained in the  
15 document is correct or incorrect.

16 Sec. \_\_\_\_ . NEW SECTION. 486.1206 APPEAL FROM  
17 SECRETARY OF STATE'S REFUSAL TO FILE DOCUMENT.

18 1. If the secretary of state refuses to file a  
19 document delivered to the secretary of state's office  
20 for filing, the domestic or foreign partnership may  
21 appeal the refusal, within thirty days after the  
22 return of the document, to the district court for the  
23 county in which the partnership's principal office is  
24 located or, if none is located in this state, for the  
25 county in which its registered office is or will be  
26 located. The appeal is commenced by petitioning the  
27 court to compel filing the document and by attaching  
28 to the petition the document and the secretary of  
29 state's explanation of the refusal to file.

30 2. The court may summarily order the secretary of  
31 state to file the document or take other action the  
32 court considers appropriate.

33 3. The court's final decision may be appealed as  
34 in other civil proceedings.

35 Sec. \_\_\_\_ . NEW SECTION. 486.1207 EVIDENTIARY  
36 EFFECT OF COPY OF FILED DOCUMENT.

37 A certificate attached to a copy of a document  
38 filed by the secretary of state, bearing the secretary  
39 of state's signature, which may be in facsimile, and  
40 the seal of the secretary of state, is conclusive  
41 evidence that the original document is on file with  
42 the secretary of state.

43 Sec. \_\_\_\_ . NEW SECTION. 486.1208 CERTIFICATES  
44 ISSUED BY SECRETARY OF STATE.

45 1. The secretary of state shall issue to any  
46 person, upon request, a certificate that sets forth  
47 any facts recorded in the office of the secretary of  
48 state.

49 2. A certificate issued by the secretary of state  
50 may be relied upon, subject to any qualification

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1 stated in the certificate, as prima facie evidence of  
2 the facts set forth in the certificate.

3 Sec. \_\_\_\_ . NEW SECTION. 486.1209 PENALTY FOR  
4 SIGNING FALSE DOCUMENT.

5 1. A person commits an offense if that person  
6 signs a document the person knows is false in any  
7 material respect with intent that the document be  
8 delivered to the secretary of state for filing.

9 2. An offense under this section is a serious  
10 misdemeanor punishable by a fine not to exceed one  
11 thousand dollars.

12 Sec. \_\_\_\_ . NEW SECTION. 486.1210 SECRETARY OF  
13 STATE POWERS.

14 The secretary of state has the power reasonably  
15 necessary to perform the duties required of the  
16 secretary of state by this chapter.

17 Sec. \_\_\_\_ . NEW SECTION. 486.1211 REGISTERED  
18 OFFICE AND REGISTERED AGENT.

19 Each partnership that is qualified under section  
20 486.1001 shall continuously maintain in this state the  
21 following:

22 1. A registered office.

23 2. A registered agent, who is one of the  
24 following:

25 a. An individual who resides in this state and  
26 whose business office is identical with the registered  
27 office.

28 b. A domestic corporation whose business office is  
29 identical with the registered office.

30 c. A foreign corporation authorized to transact  
31 business in this state whose business office is  
32 identical with the registered office.

33 Sec. \_\_\_\_ . NEW SECTION. 486.1212 CHANGE OF  
34 REGISTERED OFFICE OR REGISTERED AGENT.

35 1. A partnership may change its registered office  
36 or registered agent by delivering to the secretary of  
37 state for filing a statement of change that sets forth  
38 all of the following:

39 a. The name of the partnership.

40 b. The street address of its current registered  
41 office.

42 c. If the registered office is to be changed, the  
43 street address of the new registered office.

44 d. The name of its current registered agent.

45 e. If the registered agent is to be changed, the  
46 name of the new registered agent and the new  
47 registered agent's written consent to the appointment,  
48 either on the statement of change or in an  
49 accompanying document.

50 f. That, after the change or changes are made, the

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1 street addresses of its registered office and of the  
2 business office of its registered agent will be  
3 identical.

4 2. If a registered agent changes the street  
5 address of the registered agent's business office, the  
6 registered agent may change the street address of the  
7 registered office of any partnership for which the  
8 registered agent is the registered agent by giving  
9 written notice to the partnership of the change and  
10 executing, either manually or in facsimile, and  
11 delivering to the secretary of state for filing a  
12 statement of change that complies with the  
13 requirements of subsection 1 and recites that notice  
14 of the change has been given to the partnership.

15 Sec. \_\_\_\_ . NEW SECTION. 486.1213 RESIGNATION OF  
16 REGISTERED AGENT.

17 1. The registered agent of a partnership may  
18 resign the agency by delivering to the secretary of  
19 state for filing a statement of resignation, which  
20 shall be accompanied by two exact or conformed copies  
21 of such statement. The statement of resignation may  
22 include a statement that the registered office is also  
23 discontinued.

24 2. After filing the statement of resignation, the  
25 secretary of state shall deliver one copy to the  
26 registered office of the partnership and the other  
27 copy to the chief executive office of the partnership.

28 3. The agency appointment is terminated, and the  
29 registered office discontinued if so provided, on the  
30 thirty-first day after the date on which the statement  
31 of resignation was filed.

32 Sec. \_\_\_\_ . NEW SECTION. 486.1214 SERVICE ON  
33 PARTNERSHIP.

34 1. A partnership's registered agent is the  
35 partnership's agent for service of any process,  
36 notice, or demand required or permitted by law to be  
37 served on the partnership.

38 2. If a partnership has no registered agent, or  
39 the registered agent cannot with reasonable diligence  
40 be served, the partnership may be served by registered  
41 or certified mail, return receipt requested, addressed  
42 to the partnership at its chief executive office.  
43 Service is perfected under this subsection at the  
44 earliest of the following:

45 a. The date the partnership receives the process,  
46 notice, or demand.

47 b. The date shown on the return receipt, if signed  
48 on behalf of the partnership.

49 c. Five days after mailing.

50 3. This section does not prescribe the only means.

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1 or necessarily the required means, of serving a  
2 partnership."

3 17. Page 48, line 14, by striking the figure "12"  
4 and inserting the following: "13".

5 18. Page 48, line 16, by striking the figure  
6 "486.1201" and inserting the following: "486.1301".

7 19. Page 48, line 21, by striking the figure  
8 "486.1202" and inserting the following: "486.1302".

9 20. Page 48, by striking lines 32 through 35 and  
10 inserting the following:

11 "Sec. \_\_\_\_\_. Chapter 486, Code and Code Supplement  
12 1997, is repealed effective January 1, 2001.

13 Sec. \_\_\_\_\_. APPLICABILITY.

14 1. Prior to January 1, 2001, this Act applies to a  
15 partnership formed as follows:

16 a. On or after January 1, 1999, except a  
17 partnership that is continuing the business of a  
18 dissolved partnership under section 486.41.

19 b. Prior to January 1, 2001, if such partnership  
20 elects, as provided in subsection 3, to be governed by  
21 this Act.

22 2. On or after January 1, 2001, this Act applies  
23 to all partnerships.

24 3. Prior to January 1, 2001, a partnership, in the  
25 manner provided in its partnership agreement or by law  
26 for amending the partnership agreement, may  
27 voluntarily elect to be governed by this Act. The  
28 provisions of this Act relating to the liability of  
29 the partnerships' partners to third parties apply to  
30 limit those partners' liability to a third party who  
31 had done business with the partnership within one year  
32 before the partnership's election to be governed by  
33 this Act only if the third party knows or has received  
34 a notification of the partnership's election to be  
35 governed by this Act.

36 Sec. \_\_\_\_\_. EFFECTIVE DATE. This Act takes effect  
37 January 1, 1999."

38 21. Title page, line 2, by inserting after word  
39 "providing" the following: "penalties and".

By O. GENE MADDOX

S-5224 FILED MARCH 11, 1998

*Adopted*  
*3/16/98*  
*(P. 718)*

## SENATE FILE 2311

S-5239

1 Amend Senate File 2311 as follows:  
2 1. Page 2, by striking lines 9 through 12 and  
3 inserting the following:  
4 "10. "Person" means as defined in section 4.1."  
5 2. Page 2, line 14, by striking the word  
6 "therein" and inserting the following: "in such  
7 property".  
8 3. Page 2, by striking lines 15 through 18 and  
9 inserting the following:  
10 "12. "State" means a state, territory, or  
11 possession of the United States, the District of  
12 Columbia, or the Commonwealth of Puerto Rico."  
13 4. Page 16, line 29, by inserting after the word  
14 "property" the following: ", if such payments were  
15 made or liabilities incurred without violation of the  
16 partner's duties to the partnership or the other  
17 partners".  
18 5. Page 23, line 32, by inserting after the word  
19 "partnership" the following: ", limited partnership,  
20 or limited liability company".  
21 6. Page 24, line 28, by inserting after the word  
22 "a" the following: "general".  
23 7. Page 27, line 34, by inserting after the word  
24 "A" the following: "written".  
25 8. Page 28, line 3, by striking the word "An" and  
26 inserting the following: "A written".  
27 9. Page 31, line 2, by striking the word  
28 "thereof" and inserting the following: "of a  
29 partnership name".  
30 10. Page 43, by striking lines 2 through 4 and  
31 inserting the following:  
32 "c. The address of a registered office and the  
33 name and address of a registered agent for service of  
34 process in this state, which the partnership is  
35 required to maintain as provided in section 486.1211."  
36 11. Page 43, by striking lines 8 through 11 and  
37 inserting the following:  
38 "4. The statement shall be executed by one or more  
39 partners authorized to execute the statement on behalf  
40 of the partnership."  
41 12. Page 43, by striking lines 16 and 17 and  
42 inserting the following: "until the statement is  
43 canceled pursuant to section 485.105, subsection 4."  
44 13. By striking page 43, line 34, through page  
45 45, line 9.  
46 14. Page 46, line 1, by striking the word  
47 "Required" and inserting the following: "Registered".  
48 15. Page 46, by striking lines 19 and 20 and  
49 inserting the following: "section 486.105, subsection  
50 4."

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Page 16. Page 48, by inserting the following:

REQUIREMENTS. NEW SECTION.

1. A document shall satisfy the requirements of this section, and of any other section, to be enforceable, shall be filed in the secretary of state.

2. The document shall be typewritten or printed, or other reproducible form, including facsimiles, or other electronic means, or computer-generated copies of typewritten documents, may be filed.

3. The document shall be in the English language, or in English if written in English numerals.

4. Except as otherwise provided in this chapter, the document shall be executed by one of the following methods:

a. By two or more partners.

b. By a person authorized under this chapter, the partnership agreement, or other law to execute the document, if the person is an agent, trustee, or other fiduciary.

c. If the document is in the hands of a registered agent, or by a person authorized by the state to execute the document, if the person is an agent, trustee, or other fiduciary.

d. If the document is in the hands of a registered agent, or by a person authorized by the state to execute the document, if the person is an agent, trustee, or other fiduciary.

7. The person executing the document shall sign it and the secretary of state may accept for filing a document containing a copy of a signature, however made.

8. If, pursuant to any provision of this chapter, the secretary of state has prescribed a mandatory form for the document, the document shall be in or on the prescribed form.

9. The document shall be delivered to the office of the secretary of state for filing and shall be

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Page 3

1 accompanied by the correct filing fee.  
 2 10. The secretary of state may adopt rules for the  
 3 electronic filing of documents and the certification  
 4 of electronically filed documents.  
 5 Sec. \_\_\_\_ . NEW SECTION. 486.1202 FEES.  
 6 1. The secretary of state shall collect fees for  
 7 documents described in this subsection which are  
 8 delivered to the secretary's office for filing as  
 9 follows:

DOCUMENT	FEE
11 a. Statement of qualification .....	\$100
12 b. Statement of foreign qualification .....	\$100
13 c. Amendment to statement of qualification .....	\$ 20
14 d. Amendment to statement of foreign qualification ..	\$ 20
15 e. Cancellation of statement of qualification .....	\$ 20
16 f. Cancellation of statement of foreign	
17 qualification .....	\$ 20
18 g. Application for certificate of existence or	
19 qualification .....	\$ 5
20 h. Any other statement or document required or	
21 permitted to be filed .....	\$ 5

22 2. The secretary of state shall collect a fee of  
 23 five dollars each time process is served on the  
 24 secretary under this chapter. The party to a  
 25 proceeding causing service of process is entitled to  
 26 recover this fee as costs if the party prevails in the  
 27 proceeding.

28 3. The secretary of state shall collect fees for  
 29 copying and certifying the copy of any filed document  
 30 relating to a domestic or foreign partnership as  
 31 follows:

- 32 a. One dollar a page for copying.
  - 33 b. Five dollars for the certificate.
- 34 Sec. \_\_\_\_ . NEW SECTION. 486.1203 EFFECTIVE TIME  
 35 AND DATE OF DOCUMENTS.

36 1. Except as provided in subsection 2 and section  
 37 486.1204, subsection 3, a document accepted for filing  
 38 is effective at the later of the following:

- 39 a. At the time of filing on the date it is filed,  
 40 as evidenced by the secretary of state's date and time  
 41 endorsement on the original document.
- 42 b. At the time specified in the document as its  
 43 effective time on the date it is filed.

44 2. A document may specify a delayed effective time  
 45 and date, and if it does so the document becomes  
 46 effective at the time and date specified. If a  
 47 delayed effective date but no time is specified, the  
 48 document is effective at the close of business on that  
 49 date. A delayed effective date for a document shall  
 50 not be later than the ninetieth day after the date it

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1 is filed.

2 Sec. \_\_\_\_ . NEW SECTION. 486.1204 CORRECTING FILED  
3 DOCUMENTS.

4 1. A partnership may correct a document filed by  
5 the secretary of state if the document satisfies one  
6 or both of the following:

7 a. The document contains an incorrect statement.

8 b. The document was defectively executed,  
9 attested, sealed, verified, or acknowledged.

10 2. A document is corrected by complying with both  
11 of the following:

12 a. By preparing a statement of correction that  
13 satisfies all of the following:

14 (1) The statement describes the document,  
15 including its filing date, or a copy of the document  
16 is attached to the statement.

17 (2) The statement specifies the incorrect  
18 statement and the reason it is incorrect or the manner  
19 in which the execution was defective.

20 (3) The statement corrects the incorrect statement  
21 or defective execution.

22 b. By delivering the statement to the secretary of  
23 state for filing.

24 3. Statements of corrections are effective on the  
25 effective date of the document they correct except as  
26 to persons relying on the uncorrected document and  
27 adversely affected by the correction. As to those  
28 persons, statements of correction are effective when  
29 filed.

30 Sec. \_\_\_\_ . NEW SECTION. 486.1205 FILING DUTY OF  
31 SECRETARY OF STATE.

32 1. If a document delivered to the office of the  
33 secretary of state for filing satisfies the  
34 requirements of section 486.1201, the secretary of  
35 state shall file it and issue any necessary  
36 certificate.

37 2. The secretary of state files a document by  
38 stamping or otherwise endorsing "filed", together with  
39 the secretary of state's name and official title and  
40 the date and time of receipt, on both the document and  
41 the receipt for the filing fee. After filing a  
42 document, and except as provided in sections 486.304  
43 and 486.1213, the secretary of state shall deliver the  
44 document, with the filing fee receipt, or  
45 acknowledgment of receipt if no fee is required,  
46 attached, to the domestic or foreign partnership or  
47 its representative.

48 3. If the secretary of state refuses to file a  
49 document, the secretary of state shall return it to  
50 the domestic or foreign partnership or its

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1 representative within ten days after the document was  
2 received by the secretary of state, together with a  
3 brief, written explanation of the reason for the  
4 refusal.

5 4. The secretary of state's duty to file documents  
6 under this section is ministerial. Filing or refusing  
7 to file a document does not do any of the following:

8 a. Affect the validity or invalidity of the  
9 document in whole or part.

10 b. Relate to the correctness or incorrectness of  
11 information contained in the document.

12 c. Create a presumption that the document is valid  
13 or invalid or that information contained in the  
14 document is correct or incorrect.

15 Sec. \_\_\_\_ . NEW SECTION. 486.1206 APPEAL FROM  
16 SECRETARY OF STATE'S REFUSAL TO FILE DOCUMENT.

17 1. If the secretary of state refuses to file a  
18 document delivered to the secretary of state's office  
19 for filing, the domestic or foreign partnership may  
20 appeal the refusal, within thirty days after the  
21 return of the document, to the district court for the  
22 county in which the partnership's principal office is  
23 located or, if none is located in this state, for the  
24 county in which its registered office is or will be  
25 located. The appeal is commenced by petitioning the  
26 court to compel filing the document and by attaching  
27 to the petition the document and the secretary of  
28 state's explanation of the refusal to file.

29 2. The court may summarily order the secretary of  
30 state to file the document or take other action the  
31 court considers appropriate.

32 3. The court's final decision may be appealed as  
33 in other civil proceedings.

34 Sec. \_\_\_\_ . NEW SECTION. 486.1207 EVIDENTIARY  
35 EFFECT OF COPY OF FILED DOCUMENT.

36 A certificate attached to a copy of a document  
37 filed by the secretary of state, bearing the secretary  
38 of state's signature, which may be in facsimile, and  
39 the seal of the secretary of state, is conclusive  
40 evidence that the original document is on file with  
41 the secretary of state.

42 Sec. \_\_\_\_ . NEW SECTION. 486.1208 CERTIFICATES  
43 ISSUED BY SECRETARY OF STATE.

44 1. The secretary of state shall issue to any  
45 person, upon request, a certificate that sets forth  
46 any facts recorded in the office of the secretary of  
47 state.

48 2. A certificate issued by the secretary of state  
49 may be relied upon, subject to any qualification  
50 stated in the certificate, as prima facie evidence of

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1 the facts set forth in the certificate.

2 Sec. \_\_\_\_ . NEW SECTION. 486.1209 PENALTY FOR  
3 SIGNING FALSE DOCUMENT.

4 1. A person commits an offense if that person  
5 signs a document the person knows is false in any  
6 material respect with intent that the document be  
7 delivered to the secretary of state for filing.

8 2. An offense under this section is a serious  
9 misdemeanor punishable by a fine not to exceed one  
10 thousand dollars.

11 Sec. \_\_\_\_ . NEW SECTION. 486.1210 SECRETARY OF  
12 STATE POWERS.

13 The secretary of state has the power reasonably  
14 necessary to perform the duties required of the  
15 secretary of state by this chapter.

16 Sec. \_\_\_\_ . NEW SECTION. 486.1211 REGISTERED  
17 OFFICE AND REGISTERED AGENT.

18 Each partnership that is qualified under section  
19 486.1001 shall continuously maintain in this state the  
20 following:

21 1. A registered office.

22 2. A registered agent, who is one of the  
23 following:

24 a. An individual who resides in this state and  
25 whose business office is identical with the registered  
26 office.

27 b. A domestic corporation whose business office is  
28 identical with the registered office.

29 c. A foreign corporation authorized to transact  
30 business in this state whose business office is  
31 identical with the registered office.

32 Sec. \_\_\_\_ . NEW SECTION. 486.1212 CHANGE OF  
33 REGISTERED OFFICE OR REGISTERED AGENT.

34 1. A partnership may change its registered office  
35 or registered agent by delivering to the secretary of  
36 state for filing a statement of change that sets forth  
37 all of the following:

38 a. The name of the partnership.

39 b. The street address of its current registered  
40 office.

41 c. If the registered office is to be changed, the  
42 street address of the new registered office.

43 d. The name of its current registered agent.

44 e. If the registered agent is to be changed, the  
45 name of the new registered agent and the new  
46 registered agent's written consent to the appointment,  
47 either on the statement of change or in an  
48 accompanying document.

49 f. That, after the change or changes are made, the  
50 street addresses of its registered office and of the

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1 business office of its registered agent will be  
2 identical.

3 2. If a registered agent changes the street  
4 address of the registered agent's business office, the  
5 registered agent may change the street address of the  
6 registered office of any partnership for which the  
7 registered agent is the registered agent by giving  
8 written notice to the partnership of the change and  
9 executing, either manually or in facsimile, and  
10 delivering to the secretary of state for filing a  
11 statement of change that complies with the  
12 requirements of subsection 1 and recites that notice  
13 of the change has been given to the partnership.

14 Sec. \_\_\_\_ . NEW SECTION. 486.1213 RESIGNATION OF  
15 REGISTERED AGENT.

16 1. The registered agent of a partnership may  
17 resign the agency by delivering to the secretary of  
18 state for filing a statement of resignation, which  
19 shall be accompanied by two exact or conformed copies  
20 of such statement. The statement of resignation may  
21 include a statement that the registered office is also  
22 discontinued.

23 2. After filing the statement of resignation, the  
24 secretary of state shall deliver one copy to the  
25 registered office of the partnership and the other  
26 copy to the chief executive office of the partnership.

27 3. The agency appointment is terminated, and the  
28 registered office discontinued if so provided, on the  
29 thirty-first day after the date on which the statement  
30 of resignation was filed.

31 Sec. \_\_\_\_ . NEW SECTION. 486.1214 SERVICE ON  
32 PARTNERSHIP.

33 1. A partnership's registered agent is the  
34 partnership's agent for service of any process,  
35 notice, or demand required or permitted by law to be  
36 served on the partnership.

37 2. If a partnership has no registered agent, or  
38 the registered agent cannot with reasonable diligence  
39 be served, the partnership may be served by registered  
40 or certified mail, return receipt requested, addressed  
41 to the partnership at its chief executive office.  
42 Service is perfected under this subsection at the  
43 earliest of the following:

44 a. The date the partnership receives the process,  
45 notice, or demand.

46 b. The date shown on the return receipt, if signed  
47 on behalf of the partnership.

48 c. Five days after mailing.

49 3. This section does not prescribe the only means,  
50 or necessarily the required means, of serving a

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1 partnership."  
2 17. Page 48, line 14, by striking the figure "12"  
3 and inserting the following: "13".  
4 18. Page 48, line 16, by striking the figure  
5 "486.1201" and inserting the following: "486.1301".  
6 19. Page 48, line 21, by striking the figure  
7 "486.1202" and inserting the following: "486.1302".  
8 20. Page 48, by striking lines 32 through 35 and  
9 inserting the following:  
10 "Sec. \_\_\_\_\_. Chapter 486, Code and Code Supplement  
11 1997, is repealed effective January 1, 2001.  
12 Sec. \_\_\_\_\_. APPLICABILITY.  
13 1. Prior to January 1, 2001, this Act applies to a  
14 partnership formed as follows:  
15 a. On or after January 1, 1999, except a  
16 partnership that is continuing the business of a  
17 dissolved partnership under section 486.41.  
18 b. Prior to January 1, 2001, if such partnership  
19 elects, as provided in subsection 3, to be governed by  
20 this Act.  
21 2. On or after January 1, 2001, this Act applies  
22 to all partnerships.  
23 3. Prior to January 1, 2001, a partnership, in the  
24 manner provided in its partnership agreement or by law  
25 for amending the partnership agreement, may  
26 voluntarily elect to be governed by this Act. The  
27 provisions of this Act relating to the liability of  
28 the partnerships' partners to third parties apply to  
29 limit those partners' liability to a third party who  
30 had done business with the partnership within one year  
31 before the partnership's election to be governed by  
32 this Act only if the third party knows or has received  
33 a notification of the partnership's election to be  
34 governed by this Act.  
35 Sec. \_\_\_\_\_. EFFECTIVE DATE. This Act takes effect  
36 January 1, 1999."  
37 21. Title page, line 2, by inserting after word  
38 "providing" the following: "penalties and".

By O. GENE MADDOX

S-5239 FILED MARCH 12, 1998

O/Order  
3/16/98  
(p. 718)

H. 3/17/98 Judiciary  
H-3/23/98 Amend & No Pass

H. 3/26/98

UNFINISHED BUSINESS CALENDAR

SENATE FILE 2311

BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 50)

(AS AMENDED AND PASSED BY THE SENATE MARCH 16, 1998)

~~-----~~ - New Language by the Senate

\* - Language Stricken by the Senate

(P. 111240)

Passed Senate, Date 4/8/98 Passed House, Date 4/3/98

Vote: Ayes 47 Nays 0 Vote: Ayes 96 Nays 0

Approved May 19, 1998

(P. 1496) Passed 4/13/98  
Vote 95-2

A BILL FOR

1 An Act relating to partnerships by replacing the existing law  
2 with a uniform partnership law and providing penalties and an  
3 effective date.

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

SENATE FILE 2311

H-8544

- 1 Amend Senate File 2311, as amended, passed, and
- 2 reprinted by the Senate, as follows:
- 3 1. Page 48, line 17, by striking the figure "100"
- 4 and inserting the following: "50".

By COMMITTEE ON JUDICIARY  
LAMBERTI of Polk, Chairperson

H-8544 FILED MARCH 23, 1998

Adopted 4-3-98 (P. 1235)

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S.F. 2311



~~REPRODUCED FROM THE ORIGINAL~~

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ARTICLE 1

GENERAL PROVISIONS

Section 1. NEW SECTION. 486.101 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

1. "Business" includes every trade, occupation, and profession.
2. "Debtor in bankruptcy" means a person who is the subject of any of the following:
  - a. An order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application.
  - b. A comparable order under federal, state, or foreign law governing insolvency.
3. "Distribution" means a transfer of money or other property from a partnership to a partner in the partner's capacity as a partner or to the partner's transferee.
4. "Foreign limited liability partnership" means a partnership that satisfies both of the following:
  - a. The partnership is formed under laws other than the laws of this state.
  - b. The partnership has the status of a limited liability partnership under those laws.
5. "Limited liability partnership" means a partnership that has filed a statement of qualification under section 486.1001 and does not have a similar statement in effect in any other jurisdiction.
6. "Partnership" means an association of two or more persons to carry on as co-owners a business for profit formed under section 486.202, predecessor law, or comparable law of another jurisdiction.
7. "Partnership agreement" means the agreement, whether written, oral, or implied, among the partners concerning the partnership, including amendments to the partnership agreement.

1 8. "Partnership at will" means a partnership in which the  
2 partners have not agreed to remain partners until the  
3 expiration of a definite term or the completion of a  
4 particular undertaking.

5 9. "Partnership interest" or "partner's interest in the  
6 partnership" means all of a partner's interests in the  
7 partnership, including the partner's transferable interest and  
8 all management and other rights.

9 10. "Person" means as defined in section 4.1.

10 11. "Property" means all property, real, personal, or  
11 mixed, tangible or intangible, or any interest in such  
12 property.

13 12. "State" means a state, territory, or possession of the  
14 United States, the District of Columbia, or the Commonwealth  
15 of Puerto Rico.

16 13. "Statement" means a statement of partnership authority  
17 under section 486.303, a statement of denial under section  
18 486.304, a statement of dissociation under section 486.704, a  
19 statement of dissolution under section 486.805, a statement of  
20 merger under section 486.907, a statement of qualification  
21 under section 486.1001, a statement of foreign qualification  
22 under section 486.1102, or an amendment or cancellation of any  
23 of the foregoing.

24 14. "Transfer" includes an assignment, conveyance, lease,  
25 mortgage, deed, and encumbrance.

26 Sec. 2. NEW SECTION. 486.102 KNOWLEDGE AND NOTICE.

27 1. A person knows a fact if the person has actual  
28 knowledge of it.

29 2. A person has notice of a fact if any of the following  
30 apply:

31 a. The person knows of it.

32 b. The person has received a notification of it.

33 c. The person has reason to know it exists from all of the  
34 facts known to the person at the time in question.

35 3. A person notifies or gives a notification to another by

1 taking steps reasonably required to inform the other person in  
2 ordinary course, whether or not the other person learns of it.

3 4. A person receives a notification when any of the  
4 following occur:

5 a. The notification comes to the person's attention.

6 b. The notification is duly delivered at the person's  
7 place of business or at any other place held out by the person  
8 as a place for receiving communications.

9 5. Except as otherwise provided in subsection 6, a person  
10 other than an individual knows, has notice, or receives a  
11 notification of a fact for purposes of a particular  
12 transaction when the individual conducting the transaction  
13 knows, has notice, or receives a notification of the fact, or  
14 in any event when the fact would have been brought to the  
15 individual's attention if the person had exercised reasonable  
16 diligence. The person exercises reasonable diligence if the  
17 person maintains reasonable routines for communicating  
18 significant information to the individual conducting the  
19 transaction and there is reasonable compliance with the  
20 routines. Reasonable diligence does not require an individual  
21 acting for the person to communicate information unless the  
22 communication is part of the individual's regular duties or  
23 the individual has reason to know of the transaction and that  
24 the transaction would be materially affected by the  
25 information.

26 6. A partner's knowledge, notice, or receipt of a  
27 notification of a fact relating to the partnership is  
28 effective immediately as knowledge by, notice to, or receipt  
29 of a notification by the partnership, except in the case of a  
30 fraud on the partnership committed by or with the consent of  
31 that partner.

32 Sec. 3. NEW SECTION. 486.103 EFFECT OF PARTNERSHIP  
33 AGREEMENT -- NONWAIVABLE PROVISIONS.

34 1. Except as otherwise provided in subsection 2, relations  
35 among the partners and between the partners and the

1 partnership are governed by the partnership agreement. To the  
2 extent the partnership agreement does not otherwise provide,  
3 this chapter governs relations among the partners and between  
4 the partners and the partnership.

5 2. The partnership agreement shall not do any of the  
6 following:

7 a. Vary the rights and duties under section 486.105 except  
8 to eliminate the duty to provide copies of statements to all  
9 of the partners.

10 b. Unreasonably restrict the right of access to books and  
11 records under section 486.403, subsection 2.

12 c. Eliminate the duty of loyalty under section 486.404,  
13 subsection 2, or 486.603, subsection 2, paragraph "c", except  
14 as follows:

15 (1) The partnership agreement may identify specific types  
16 or categories of activities that do not violate the duty of  
17 loyalty, if not manifestly unreasonable.

18 (2) All of the partners or a number or percentage  
19 specified in the partnership agreement may authorize or  
20 ratify, after full disclosure of all material facts, a  
21 specific act or transaction that otherwise would violate the  
22 duty of loyalty.

23 d. Unreasonably reduce the duty of care under section  
24 486.404, subsection 3, or 486.603, subsection 2, paragraph  
25 "c".

26 e. Eliminate the obligation of good faith and fair dealing  
27 under section 486.404, subsection 4, but the partnership  
28 agreement may prescribe the standards by which the performance  
29 of the obligation is to be measured, if the standards are not  
30 manifestly unreasonable.

31 f. Vary the power to dissociate as a partner under section  
32 486.602, subsection 1, except to require the notice under  
33 section 486.601, subsection 1, to be in writing.

34 g. Vary the right of a court to expel a partner in the  
35 events specified in section 486.601, subsection 5.

1 n. Vary the requirement to wind up the partnership  
2 business in cases specified in section 486.801, subsection 4,  
3 5, or 6.

4 i. Vary the law applicable to a limited liability  
5 partnership under section 486.106, subsection 2.

6 j. Restrict rights of third parties under this chapter.

7 Sec. 4. NEW SECTION. 486.104 SUPPLEMENTAL PRINCIPLES OF  
8 LAW.

9 1. Unless displaced by particular provisions of this  
10 chapter, the principles of law and equity supplement this  
11 chapter.

12 2. If an obligation to pay interest arises under this  
13 chapter and the rate is not specified, the rate is that  
14 specified in section 535.3.

15 Sec. 5. NEW SECTION. 486.105 EXECUTION, FILING, AND  
16 RECORDING OF STATEMENTS.

17 1. A statement may be filed in the office of the secretary  
18 of state. A certified copy of a statement that is filed in an  
19 office in another state may be filed in the office of the  
20 secretary of state. Either filing has the effect provided in  
21 this chapter with respect to partnership property located in  
22 or transactions that occur in this state.

23 2. A certified copy of a statement that has been filed in  
24 the office of the secretary of state and recorded in the  
25 office for recording transfers of real property has the effect  
26 provided for recorded statements in this chapter. A recorded  
27 statement that is not a certified copy of a statement filed in  
28 the office of the secretary of state does not have the effect  
29 provided for recorded statements in this chapter.

30 3. A statement filed by a partnership must be executed by  
31 at least two partners. Other statements must be executed by a  
32 partner or other person authorized by this chapter. An  
33 individual who executes a statement as, or on behalf of, a  
34 partner or other person named as a partner in a statement  
35 shall personally declare under penalty of perjury that the

1 contents of the statement are accurate.

2 4. A person authorized by this chapter to file a statement  
3 may amend or cancel the statement by filing an amendment or  
4 cancellation that names the partnership, identifies the  
5 statement, and states the substance of the amendment or  
6 cancellation.

7 5. A person who files a statement pursuant to this section  
8 shall promptly send a copy of the statement to every nonfiling  
9 partner and to any other person named as a partner in the  
10 statement. Failure to send a copy of a statement to a partner  
11 or other person does not limit the effectiveness of the  
12 statement as to a person not a partner.

13 6. The secretary of state may collect a fee for filing or  
14 providing a certified copy of a statement. The county  
15 recorder may collect a fee for recording a statement.

16 Sec. 6. NEW SECTION. 486.106 GOVERNING LAW.

17 1. Except as otherwise provided in subsection 2, the law  
18 of the jurisdiction in which a partnership has its chief  
19 executive office governs relations among the partners and  
20 between the partners and the partnership.

21 2. The law of this state governs relations among the  
22 partners and the partnership and the liability of partners for  
23 an obligation of a limited liability partnership.

24 Sec. 7. NEW SECTION. 486.107 PARTNERSHIP SUBJECT TO  
25 AMENDMENT OR REPEAL OF CHAPTER.

26 A partnership governed by this chapter is subject to any  
27 amendment to or repeal of this chapter.

28 ARTICLE 2

29 NATURE OF PARTNERSHIP

30 Sec. 8. NEW SECTION. 486.201 PARTNERSHIP AS ENTITY.

31 1. A partnership is an entity distinct from its partners.

32 2. A limited liability partnership continues to be the  
33 same entity that existed before the filing of a statement of  
34 qualification under section 486.1001.

35 Sec. 9. NEW SECTION. 486.202 FORMATION OF PARTNERSHIP.

1 1. Except as otherwise provided in subsection 2, the  
2 association of two or more persons to carry on as co-owners a  
3 business for profit forms a partnership, whether or not the  
4 persons intend to form a partnership.

5 2. An association formed under a statute other than this  
6 chapter, a predecessor statute, or a comparable statute of  
7 another jurisdiction is not a partnership under this chapter.

8 3. In determining whether a partnership is formed, the  
9 following rules apply:

10 a. Joint tenancy, tenancy in common, tenancy by the  
11 entireties, joint property, common property, or part ownership  
12 does not by itself establish a partnership, even if the co-  
13 owners share profits made by the use of the property.

14 b. The sharing of gross returns does not by itself  
15 establish a partnership, even if the persons sharing them have  
16 a joint or common right or interest in property from which the  
17 returns are derived.

18 c. A person who receives a share of the profits of a  
19 business is presumed to be a partner in the business, unless  
20 the profits were received in payment of or for any of the  
21 following:

22 (1) Of a debt by installments or otherwise.

23 (2) For services as an independent contractor or of wages  
24 or other compensation to an employee.

25 (3) Of rent.

26 (4) Of an annuity or other retirement or health benefit to  
27 a beneficiary, representative, or designee of a deceased or  
28 retired partner.

29 (5) Of interest or other charge on a loan, even if the  
30 amount of payment varies with the profits of the business,  
31 including a direct or indirect present or future ownership of  
32 the collateral, or rights to income, proceeds, or increase in  
33 value derived from the collateral.

34 (6) For the sale of the goodwill of a business or other  
35 property by installments or otherwise.

1     Sec. 10. NEW SECTION. 486.203 PARTNERSHIP PROPERTY.

2     Property acquired by a partnership is property of the  
3 partnership and not of the partners individually.

4     Sec. 11. NEW SECTION. 486.204 WHEN PROPERTY IS  
5 PARTNERSHIP PROPERTY.

6     1. Property is partnership property if acquired in the  
7 name of any of the following:

8       a. The partnership.

9       b. One or more partners with an indication in the  
10 instrument transferring title to the property of the person's  
11 capacity as a partner or of the existence of a partnership but  
12 without an indication of the name of the partnership.

13    2. Property is acquired in the name of the partnership by  
14 a transfer to any of the following:

15       a. The partnership in its name.

16       b. One or more partners in their capacity as partners in  
17 the partnership, if the name of the partnership is indicated  
18 in the instrument transferring title to the property.

19    3. Property is presumed to be partnership property if  
20 purchased with partnership assets, even if not acquired in the  
21 name of the partnership or of one or more partners with an  
22 indication in the instrument transferring title to the  
23 property of the person's capacity as a partner or of the  
24 existence of a partnership.

25    4. Property acquired in the name of one or more of the  
26 partners, without an indication in the instrument transferring  
27 title to the property of the person's capacity as a partner or  
28 of the existence of a partnership and without use of  
29 partnership assets, is presumed to be separate property, even  
30 if used for partnership purposes.

31                                   ARTICLE 3

32                                   RELATIONS OF PARTNERS TO  
33                                   PERSONS DEALING WITH PARTNERSHIP

34    Sec. 12. NEW SECTION. 486.301 PARTNER AGENT OF  
35 PARTNERSHIP.



1 Subject to the effect of a statement of partnership  
2 authority under section 486.303:

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

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

17 Sec. 13. NEW SECTION. 486.302 TRANSFER OF PARTNERSHIP  
18 PROPERTY.

19 1. Partnership property may be transferred as follows:

20 a. Subject to the effect of a statement of partnership  
21 authority under section 486.303, partnership property held in  
22 the name of the partnership may be transferred by an  
23 instrument of transfer executed by a partner in the  
24 partnership name.

25 b. Partnership property held in the name of one or more  
26 partners with an indication in the instrument transferring the  
27 property to the partners of their capacity as partners or of  
28 the existence of a partnership, but without an indication of  
29 the name of the partnership, may be transferred by an  
30 instrument of transfer executed by the persons in whose name  
31 the property is held.

32 c. Partnership property held in the name of one or more  
33 persons other than the partnership, without an indication in  
34 the instrument transferring the property to the partners of  
35 their capacity as partners or of the existence of a

1 partnership, may be transferred by an instrument of transfer  
2 executed by the persons in whose name the property is held.

3 2. A partnership may recover partnership property from a  
4 transferee only if it proves that execution of the instrument  
5 of initial transfer did not bind the partnership under section  
6 486.301 and if one of the following applies:

7 a. As to a subsequent transferee who gave value for  
8 property transferred under subsection 1, paragraphs "a" and  
9 "b", proves that the subsequent transferee knew or had  
10 received a notification that the person who executed the  
11 instrument of initial transfer lacked authority to bind the  
12 partnership.

13 b. As to a transferee who gave value for property  
14 transferred under subsection 1, paragraph "c", proves that the  
15 transferee knew or had received a notification that the  
16 property was partnership property and that the person who  
17 executed the instrument of initial transfer lacked authority  
18 to bind the partnership.

19 3. A partnership shall not recover partnership property  
20 from a subsequent transferee if the partnership would not have  
21 been entitled to recover the property, under subsection 2,  
22 from any earlier transferee of the property.

23 4. If a person holds all of the partners' interests in the  
24 partnership, all of the partnership property vests in that  
25 person. The person may execute a document in the name of the  
26 partnership to evidence vesting of the property in that person  
27 and may file or record the document.

28 Sec. 14. NEW SECTION. 486.303 STATEMENT OF PARTNERSHIP  
29 AUTHORITY.

30 1. A partnership may file a statement of partnership  
31 authority as provided in this subsection.

32 a. The statement of partnership authority must include all  
33 of the following:

34 (1) The name of the partnership.

35 (2) The street address of its chief executive office and

1 of one office in this state, if there is one.

2 (3) The names and mailing addresses of all of the partners  
3 or of an agent appointed and maintained by the partnership for  
4 the purpose of subsection 2.

5 (4) The names of the partners authorized to execute an  
6 instrument transferring real property held in the name of the  
7 partnership.

8 b. The statement of partnership authority may state the  
9 authority, or limitations on the authority, of some or all of  
10 the partners to enter into other transactions on behalf of the  
11 partnership and any other matter.

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

16 3. If a filed statement of partnership authority is  
17 executed pursuant to section 486.105, subsection 3, and states  
18 the name of the partnership but does not contain all of the  
19 other information required by subsection 1, the statement  
20 nevertheless operates with respect to a person not a partner  
21 as provided in subsections 4 and 5.

22 4. Except as otherwise provided in subsection 7, a filed  
23 statement of partnership authority supplements the authority  
24 of a partner to enter into transactions on behalf of the  
25 partnership as follows:

26 a. Except for transfers of real property, a grant of  
27 authority contained in a filed statement of partnership  
28 authority is conclusive in favor of a person who gives value  
29 without knowledge to the contrary, so long as and to the  
30 extent that a limitation on that authority is not then  
31 contained in another filed statement. A filed cancellation of  
32 a limitation on authority revives the previous grant of  
33 authority.

34 b. A grant of authority to transfer real property held in  
35 the name of the partnership contained in a certified copy of a

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

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

17 6. Except as otherwise provided in subsections 4 and 5 and  
18 sections 486.704 and 486.805, a person not a partner is not  
19 deemed to know of a limitation on the authority of a partner  
20 merely because the limitation is contained in a filed  
21 statement.

22 7. Unless earlier canceled, a filed statement of  
23 partnership authority is canceled by operation of law five  
24 years after the date on which the statement, or the most  
25 recent amendment, was filed with the secretary of state.

26 Sec. 15. NEW SECTION. 486.304 STATEMENT OF DENIAL.

27 A partner or other person named as a partner in a filed  
28 statement of partnership authority or in a list maintained by  
29 an agent pursuant to section 486.303, subsection 2, may file a  
30 statement of denial stating the name of the partnership and  
31 the fact that is being denied, which may include denial of a  
32 person's authority or status as a partner. A statement of  
33 denial is a limitation on authority as provided in section  
34 486.303, subsections 4 and 5.

35 Sec. 16. NEW SECTION. 486.305 PARTNERSHIP LIABLE FOR

1 PARTNER'S ACTIONABLE CONDUCT.

2 1. A partnership is liable for loss or injury caused to a  
3 person, or for a penalty incurred, as a result of a wrongful  
4 act or omission, or other actionable conduct, of a partner  
5 acting in the ordinary course of business of the partnership  
6 or with authority of the partnership.

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

13 Sec. 17. NEW SECTION. 486.306 PARTNER'S LIABILITY.

14 1. Except as otherwise provided in subsections 2 and 3,  
15 all partners are liable jointly and severally for all  
16 obligations of the partnership unless otherwise agreed by the  
17 claimant or provided by law.

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

22 3. An obligation of a partnership incurred while the  
23 partnership is a limited liability partnership, whether  
24 arising in contract, tort, or otherwise, is solely the  
25 obligation of the partnership. A partner is not personally  
26 liable, directly or indirectly, by way of contribution or  
27 otherwise, for such an obligation solely by reason of being or  
28 so acting as a partner. This subsection applies  
29 notwithstanding anything inconsistent in the partnership  
30 agreement that existed immediately before the vote required to  
31 become a limited liability partnership under section 486.1001,  
32 subsection 2.

33 Sec. 18. NEW SECTION. 486.307 ACTIONS BY AND AGAINST  
34 PARTNERSHIP AND PARTNERS.

35 1. A partnership may sue and be sued in the name of the

1 partnership.

2 2. An action may be brought against the partnership and,  
3 to the extent not inconsistent with section 486.306, any or  
4 all of the partners in the same action or in separate actions.

5 3. A judgment against a partnership is not by itself a  
6 judgment against a partner. A judgment against a partnership  
7 shall not be satisfied from a partner's assets unless there is  
8 also a judgment against the partner.

9 4. A judgment creditor of a partner shall not levy  
10 execution against the assets of the partner to satisfy a  
11 judgment based on a claim against the partnership unless the  
12 partner is personally liable for the claim under section  
13 486.306 and one or more of the following apply:

14 a. A judgment based on the same claim has been obtained  
15 against the partnership and a writ of execution on the  
16 judgment has been returned unsatisfied in whole or in part.

17 b. The partnership is a debtor in bankruptcy.

18 c. The partner has agreed that the creditor need not  
19 exhaust partnership assets.

20 d. A court grants permission to the judgment creditor to  
21 levy execution against the assets of a partner based on a  
22 finding that partnership assets subject to execution are  
23 clearly insufficient to satisfy the judgment, that exhaustion  
24 of partnership assets is excessively burdensome, or that the  
25 grant of permission is an appropriate exercise of the court's  
26 equitable powers.

27 e. Liability is imposed on the partner by law or contract  
28 independent of the existence of the partnership.

29 5. This section applies to any partnership liability or  
30 obligation resulting from a representation by a partner or  
31 purported partner under section 486.308.

32 Sec. 19. NEW SECTION. 486.308 LIABILITY OF PURPORTED  
33 PARTNER.

34 1. If a person, by words or conduct, purports to be a  
35 partner, or consents to being represented by another as a

1 partner, in a partnership or with one or more persons not  
2 partners, the purported partner is liable to a person to whom  
3 the representation is made, if that person, relying on the  
4 representation, enters into a transaction with the actual or  
5 purported partnership. If the representation, either by the  
6 purported partner or by a person with the purported partner's  
7 consent, is made in a public manner, the purported partner is  
8 liable to a person who relies upon the purported partnership  
9 even if the purported partner is not aware of being held out  
10 as a partner to the claimant. If partnership liability  
11 results, the purported partner is liable with respect to that  
12 liability as if the purported partner were a partner. If no  
13 partnership liability results, the purported partner is liable  
14 with respect to that liability jointly and severally with any  
15 other person consenting to the representation.

16 2. If a person is thus represented to be a partner in an  
17 existing partnership, or with one or more persons not  
18 partners, the purported partner is an agent of persons  
19 consenting to the representation to bind the persons to the  
20 same extent and in the same manner as if the purported partner  
21 were a partner, with respect to persons who enter into  
22 transactions in reliance upon the representation. If all of  
23 the partners of the existing partnership consent to the  
24 representation, a partnership act or obligation results. If  
25 fewer than all of the partners of the existing partnership  
26 consent to the representation, the person acting and the  
27 partners consenting to the representation are jointly and  
28 severally liable.

29 3. A person is not liable as a partner merely because the  
30 person is named by another in a statement of partnership  
31 authority.

32 4. A person does not continue to be liable as a partner  
33 merely because of a failure to file a statement of  
34 dissociation or to amend a statement of partnership authority  
35 to indicate the partner's dissociation from the partnership.

1 5. Except as otherwise provided in subsections 1 and 2,  
2 persons who are not partners as to each other are not liable  
3 as partners to other persons.

4 ARTICLE 4  
5 RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP  
6 Sec. 20. NEW SECTION. 486.401 PARTNER'S RIGHTS AND  
7 DUTIES.

8 1. Each partner is deemed to have an account subject to  
9 the following:

10 a. The account is credited with an amount equal to the  
11 money plus the value of any other property, net of the amount  
12 of any liabilities, the partner contributes to the partnership  
13 and the partner's share of the partnership profits.

14 b. The account is charged with an amount equal to the  
15 money plus the value of any other property, net of the amount  
16 of any liabilities, distributed by the partnership to the  
17 partner and the partner's share of the partnership losses.

18 2. Each partner is entitled to an equal share of the  
19 partnership profits and is chargeable with a share of the  
20 partnership losses in proportion to the partner's share of the  
21 profits.

22 3. A partnership shall reimburse a partner for payments  
23 made and indemnify a partner for liabilities incurred by the  
24 partner in the ordinary course of the business of the  
25 partnership or for the preservation of its business or  
26 property, if such payments were made or liabilities incurred  
27 without violation of the partner's duties to the partnership  
28 or the other partners.

29 4. A partnership shall reimburse a partner for an advance  
30 to the partnership beyond the amount of capital the partner  
31 agreed to contribute.

32 5. A payment or advance made by a partner which gives rise  
33 to a partnership obligation under subsection 3 or 4  
34 constitutes a loan to the partnership which accrues interest  
35 from the date of the payment or advance.



1 6. Each partner has equal rights in the management and  
2 conduct of the partnership business.

3 7. A partner may use or possess partnership property only  
4 on behalf of the partnership.

5 8. A partner is not entitled to remuneration for services  
6 performed for the partnership, except for reasonable  
7 compensation for services rendered in winding up the business  
8 of the partnership.

9 9. A person may become a partner only with the consent of  
10 all of the partners.

11 10. A difference arising as to a matter in the ordinary  
12 course of business of a partnership may be decided by a  
13 majority of the partners. An act outside the ordinary course  
14 of business of a partnership and an amendment to the  
15 partnership agreement may be undertaken only with the consent  
16 of all of the partners.

17 11. This section does not affect the obligations of a  
18 partnership to other persons under section 486.301.

19 Sec. 21. NEW SECTION. 486.402 DISTRIBUTIONS IN KIND.

20 A partner has no right to receive, and shall not be  
21 required to accept, a distribution in kind.

22 Sec. 22. NEW SECTION. 486.403 PARTNER'S RIGHTS AND  
23 DUTIES WITH RESPECT TO INFORMATION.

24 1. A partnership shall keep its books and records, if any,  
25 at its chief executive office.

26 2. A partnership shall provide partners and their agents  
27 and attorneys access to its books and records. It shall  
28 provide former partners and their agents and attorneys access  
29 to books and records pertaining to the period during which the  
30 former partners were partners. The right of access provides  
31 the opportunity to inspect and copy books and records during  
32 ordinary business hours. A partnership may impose a  
33 reasonable charge, covering the costs of labor and material,  
34 for copies of documents furnished.

35 3. Each partner and the partnership shall furnish to a

1 partner, and to the legal representative of a deceased partner  
2 or partner under legal disability all of the following:

3 a. Without demand, any information concerning the  
4 partnership's business and affairs reasonably required for the  
5 proper exercise of the partner's rights and duties under the  
6 partnership agreement or this chapter.

7 b. On demand, any other information concerning the  
8 partnership's business and affairs, except to the extent the  
9 demand or the information demanded is unreasonable or  
10 otherwise improper under the circumstances.

11 Sec. 23. NEW SECTION. 486.404 GENERAL STANDARDS OF  
12 PARTNER'S CONDUCT.

13 1. The only fiduciary duties a partner owes to the  
14 partnership and the other partners are the duty of loyalty and  
15 the duty of care set forth in subsections 2 and 3.

16 2. A partner's duty of loyalty to the partnership and the  
17 other partners is limited to the following:

18 a. To account to the partnership and hold as trustee for  
19 the partnership any property, profit, or benefit derived by  
20 the partner in the conduct and winding up of the partnership  
21 business or derived from a use by the partner of partnership  
22 property, including the appropriation of a partnership  
23 opportunity.

24 b. To refrain from dealing with the partnership in the  
25 conduct or winding up of the partnership business as or on  
26 behalf of a party having an interest adverse to the  
27 partnership.

28 c. To refrain from competing with the partnership in the  
29 conduct of the partnership business before the dissolution of  
30 the partnership.

31 3. A partner's duty of care to the partnership and the  
32 other partners in the conduct and winding up of the  
33 partnership business is limited to refraining from engaging in  
34 grossly negligent or reckless conduct, intentional misconduct,  
35 or a knowing violation of law.

1 4. A partner shall discharge the duties to the partnership  
2 and the other partners under this chapter or under the  
3 partnership agreement and exercise any rights consistently  
4 with the obligation of good faith and fair dealing.

5 5. A partner does not violate a duty or obligation under  
6 this chapter or under the partnership agreement merely because  
7 the partner's conduct furthers the partner's own interest.

8 6. A partner may lend money to and transact other business  
9 with the partnership, and as to each loan or transaction the  
10 rights and obligations of the partner are the same as those of  
11 a person who is not a partner, subject to other applicable  
12 law.

13 7. This section applies to a person winding up the  
14 partnership business as the personal or legal representative  
15 of the last surviving partner as if the person were a partner.

16 Sec. 24. NEW SECTION. 486.405 ACTIONS BY PARTNERSHIP AND  
17 PARTNERS.

18 1. A partnership may maintain an action against a partner  
19 for a breach of the partnership agreement, or for the  
20 violation of a duty to the partnership, causing harm to the  
21 partnership.

22 2. A partner may maintain an action against the  
23 partnership or another partner for legal or equitable relief,  
24 with or without an accounting as to partnership business, to  
25 do any of the following:

26 a. Enforce the partner's rights under the partnership  
27 agreement.

28 b. Enforce the partner's rights under this chapter,  
29 including any or all of the following:

30 (1) The partner's rights under section 486.401, 486.403,  
31 or 486.404.

32 (2) The partner's right on dissociation to have the  
33 partner's interest in the partnership purchased pursuant to  
34 section 486.701 or enforce any other right under article 6 or  
35 7.

1 (3) The partner's right to compel a dissolution and  
2 winding up of the partnership business under section 486.801  
3 or enforce any other right under article 8.

4 c. Enforce the rights and otherwise protect the interests  
5 of the partner, including rights and interests arising  
6 independently of the partnership relationship.

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

11 Sec. 25. NEW SECTION. 486.406 CONTINUATION OF  
12 PARTNERSHIP BEYOND DEFINITE TERM OR PARTICULAR UNDERTAKING.

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

19 2. If the partners, or those of them who habitually acted  
20 in the business during the term or undertaking, continue the  
21 business without any settlement or liquidation of the  
22 partnership, they are presumed to have agreed that the  
23 partnership will continue.

24 ARTICLE 5

25 TRANSFEREES AND CREDITORS OF PARTNER

26 Sec. 26. NEW SECTION. 486.501 PARTNER NOT CO-OWNER OF  
27 PARTNERSHIP PROPERTY.

28 A partner is not a co-owner of partnership property and has  
29 no interest in partnership property which can be transferred,  
30 either voluntarily or involuntarily.

31 Sec. 27. NEW SECTION. 486.502 PARTNER'S TRANSFERABLE  
32 INTEREST IN PARTNERSHIP.

33 The only transferable interest of a partner in the  
34 partnership is the partner's share of the profits and losses  
35 of the partnership and the partner's right to receive

1 distributions. The interest is personal property.

2 Sec. 28. NEW SECTION. 486.503 TRANSFER OF PARTNER'S  
3 TRANSFERABLE INTEREST.

4 1. A transfer, in whole or in part, of a partner's  
5 transferable interest in the partnership is or does all of the  
6 following:

7 a. Is permissible.

8 b. Does not by itself cause the partner's dissociation or  
9 a dissolution and winding up of the partnership business.

10 c. Does not, as against the other partners or the  
11 partnership, entitle the transferee, during the continuance of  
12 the partnership, to participate in the management or conduct  
13 of the partnership business, to require access to information  
14 concerning partnership transactions, or to inspect or copy the  
15 partnership books or records.

16 2. A transferee of a partner's transferable interest in  
17 the partnership has a right to all of the following:

18 a. To receive, in accordance with the transfer,  
19 distributions to which the transferor would otherwise be  
20 entitled.

21 b. To receive upon the dissolution and winding up of the  
22 partnership business, in accordance with the transfer, the net  
23 amount otherwise distributable to the transferor.

24 c. To seek under section 486.801, subsection 6, a judicial  
25 determination that it is equitable to wind up the partnership  
26 business.

27 3. In a dissolution and winding up, a transferee is  
28 entitled to an account of partnership transactions only from  
29 the date of the latest account agreed to by all of the  
30 partners.

31 4. Upon transfer, the transferor retains the rights and  
32 duties of a partner other than the interest in distributions  
33 transferred.

34 5. A partnership need not give effect to a transferee's  
35 rights under this section until it has notice of the transfer.

1 6. A transfer of a partner's transferable interest in the  
2 partnership in violation of a restriction on transfer  
3 contained in the partnership agreement is ineffective as to a  
4 person having notice of the restriction at the time of  
5 transfer.

6 Sec. 29. NEW SECTION. 486.504 PARTNER'S TRANSFERABLE  
7 INTEREST SUBJECT TO CHARGING ORDER.

8 1. On application by a judgment creditor of a partner or  
9 of a partner's transferee, a court having jurisdiction may  
10 charge the transferable interest of the judgment debtor to  
11 satisfy the judgment. The court may appoint a receiver of the  
12 share of the distributions due or to become due to the  
13 judgment debtor in respect of the partnership and make all  
14 other orders, directions, accounts, and inquiries the judgment  
15 debtor might have made or which the circumstances of the case  
16 may require.

17 2. A charging order constitutes a lien on the judgment  
18 debtor's transferable interest in the partnership. The court  
19 may order a foreclosure of the interest subject to the  
20 charging order at any time. The purchaser at the foreclosure  
21 sale has the rights of a transferee.

22 3. At any time before foreclosure, an interest charged may  
23 be redeemed by or with any of the following:

24 a. By the judgment debtor.

25 b. With property other than partnership property, by one  
26 or more of the other partners.

27 c. With partnership property, by one or more of the other  
28 partners with the consent of all of the partners whose  
29 interests are not so charged.

30 4. This chapter does not deprive a partner of a right  
31 under exemption laws with respect to the partner's interest in  
32 the partnership.

33 5. This section provides the exclusive remedy by which a  
34 judgment creditor of a partner or partner's transferee may  
35 satisfy a judgment out of the judgment debtor's transferable

1 interest in the partnership.

2 ARTICLE 6

3 PARTNER'S DISSOCIATION

4 Sec. 30. NEW SECTION. 486.601 EVENTS CAUSING PARTNER'S  
5 DISSOCIATION.

6 A partner is dissociated from a partnership upon the  
7 occurrence of any of the following events:

8 1. The partnership's having notice of the partner's  
9 express will to withdraw as a partner or on a later date  
10 specified by the partner.

11 2. An event agreed to in the partnership agreement as  
12 causing the partner's dissociation.

13 3. The partner's expulsion pursuant to the partnership  
14 agreement.

15 4. The partner's expulsion by the unanimous vote of the  
16 other partners if any of the following apply:

17 a. It is unlawful to carry on the partnership business  
18 with that partner.

19 b. There has been a transfer of all or substantially all  
20 of that partner's transferable interest in the partnership,  
21 other than a transfer for security purposes, or a court order  
22 charging the partner's interest, which has not been  
23 foreclosed.

24 c. Within ninety days after the partnership notifies a  
25 corporate partner that it will be expelled because it has  
26 filed a certificate of dissolution or the equivalent, its  
27 charter has been revoked, or its right to conduct business has  
28 been suspended by the jurisdiction of its incorporation, there  
29 is no revocation of the certificate of dissolution or no  
30 reinstatement of its charter or its right to conduct business.

31 d. A partnership, limited partnership, or limited  
32 liability company that is a partner has been dissolved and its  
33 business is being wound up.

34 5. On application by the partnership or another partner,  
35 the partner's expulsion by judicial determination because of

1 any of the following:

2 a. The partner engaged in wrongful conduct that adversely  
3 and materially affected the partnership business.

4 b. The partner willfully or persistently committed a  
5 material breach of the partnership agreement or of a duty owed  
6 to the partnership or the other partners under section  
7 486.404.

8 c. The partner engaged in conduct relating to the  
9 partnership business which makes it not reasonably practicable  
10 to carry on the business in partnership with the partner.

11 6. The partner's actions constituting any of the  
12 following:

13 a. Becoming a debtor in bankruptcy.

14 b. Executing an assignment for the benefit of creditors.

15 c. Seeking, consenting to, or acquiescing in the  
16 appointment of a trustee, receiver, or liquidator of that  
17 partner or of all or substantially all of that partner's  
18 property.

19 d. Failing, within ninety days after the appointment, to  
20 have vacated or stayed the appointment of a trustee, receiver,  
21 or liquidator of the partner or of all or substantially all of  
22 the partner's property obtained without the partner's consent  
23 or acquiescence, or failing within ninety days after the  
24 expiration of a stay to have the appointment vacated.

25 7. In the case of a partner who is an individual any of  
26 the following:

27 a. The partner's death.

28 b. The appointment of a general guardian or general  
29 conservator for the partner.

30 c. A judicial determination that the partner has otherwise  
31 become incapable of performing the partner's duties under the  
32 partnership agreement.

33 8. In the case of a partner that is a trust or is acting  
34 as a partner by virtue of being a trustee of a trust,  
35 distribution of the trust's entire transferable interest in



1 the partnership, but not merely by reason of the substitution  
2 of a successor trustee.

3 9. In the case of a partner that is an estate or is acting  
4 as a partner by virtue of being a personal representative of  
5 an estate, distribution of the estate's entire transferable  
6 interest in the partnership, but not merely by reason of the  
7 substitution of a successor personal representative.

8 10. Termination of a partner who is not an individual,  
9 partnership, corporation, trust, or estate.

10 Sec. 31. NEW SECTION. 486.602 PARTNER'S POWER TO  
11 DISSOCIATE -- WRONGFUL DISSOCIATION.

12 1. A partner has the power to dissociate at any time,  
13 rightfully or wrongfully, by express will pursuant to section  
14 486.601, subsection 1.

15 2. A partner's dissociation is wrongful only if any of the  
16 following applies:

17 a. It is in breach of an express provision of the  
18 partnership agreement.

19 b. In the case of a partnership for a definite term or  
20 particular undertaking, before the expiration of the term or  
21 the completion of the undertaking if any of the following  
22 occur:

23 (1) The partner withdraws by express will, unless the  
24 withdrawal follows within ninety days after another partner's  
25 dissociation by death or otherwise under section 486.601,  
26 subsections 6 through 10, or wrongful dissociation under this  
27 subsection.

28 (2) The partner is expelled by judicial determination  
29 under section 486.601, subsection 5.

30 (3) The partner is dissociated by becoming a debtor in  
31 bankruptcy.

32 (4) In the case of a partner who is not an individual,  
33 trust other than a business trust, or estate, the partner is  
34 expelled or otherwise dissociated because it willfully  
35 dissolved or terminated.

1 3. A partner who wrongfully dissociates is liable to the  
2 partnership and to the other partners for damages caused by  
3 the dissociation. The liability is in addition to any other  
4 obligation of the partner to the partnership or to the other  
5 partners.

6 Sec. 32. NEW SECTION. 486.603 EFFECT OF PARTNER'S  
7 DISSOCIATION.

8 1. If a partner's dissociation results in a dissolution  
9 and winding up of the partnership business, article 8 applies;  
10 otherwise, article 7 applies.

11 2. Upon a partner's dissociation all of the following  
12 apply:

13 a. The partner's right to participate in the management  
14 and conduct of the partnership business terminates, except as  
15 otherwise provided in section 486.803.

16 b. The partner's duty of loyalty under section 486.404,  
17 subsection 2, paragraph "c", terminates.

18 c. The partner's duty of loyalty under section 486.404,  
19 subsection 2, paragraphs "a" and "b", and duty of care under  
20 section 486.404, subsection 3, continue only with regard to  
21 matters arising and events occurring before the partner's  
22 dissociation, unless the partner participates in winding up  
23 the partnership's business pursuant to section 486.803.

24 ARTICLE 7

25 PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP

26 Sec. 33. NEW SECTION. 486.701 PURCHASE OF DISSOCIATED  
27 PARTNER'S INTEREST.

28 1. If a partner is dissociated from a partnership without  
29 resulting in a dissolution and winding up of the partnership  
30 business under section 486.801, the partnership shall cause  
31 the dissociated partner's interest in the partnership to be  
32 purchased for a buyout price determined pursuant to subsection  
33 2.

34 2. The buyout price of a dissociated partner's interest is  
35 the amount that would have been distributable to the

1 dissociating partner under section 486.807, subsection 2, if,  
2 on the date of dissociation, the assets of the partnership  
3 were sold at a price equal to the greater of the liquidation  
4 value or the value based on a sale of the entire business as a  
5 going concern without the dissociated partner and the  
6 partnership were wound up as of that date. Interest must be  
7 paid from the date of dissociation to the date of payment.

8 3. Damages for wrongful dissociation under section  
9 486.602, subsection 2, and all other amounts owing, whether or  
10 not presently due, from the dissociated partner to the  
11 partnership, must be offset against the buyout price.  
12 Interest must be paid from the date the amount owed becomes  
13 due to the date of payment.

14 4. A partnership shall indemnify a dissociated partner  
15 whose interest is being purchased against all partnership  
16 liabilities, whether incurred before or after the  
17 dissociation, except liabilities incurred by an act of the  
18 dissociated partner under section 486.702.

19 5. If no agreement for the purchase of a dissociated  
20 partner's interest is reached within one hundred twenty days  
21 after a written demand for payment, the partnership shall pay,  
22 or cause to be paid, in cash to the dissociated partner the  
23 amount the partnership estimates to be the buyout price and  
24 accrued interest, reduced by any offsets and accrued interest  
25 under subsection 3.

26 6. If a deferred payment is authorized under subsection 8,  
27 the partnership may tender a written offer to pay the amount  
28 the partnership estimates to be the buyout price and accrued  
29 interest, reduced by any offsets under subsection 3, stating  
30 the time of payment, the amount and type of security for  
31 payment, and the other terms and conditions of the obligation.

32 7. The payment or tender required by subsection 5 or 6  
33 must be accompanied by all of the following:

34 a. A written statement of partnership assets and  
35 liabilities as of the date of dissociation.

1 b. The latest available partnership balance sheet and  
2 income statement, if any.

3 c. A written explanation of how the estimated amount of  
4 the payment was calculated.

5 d. Written notice that the payment is in full satisfaction  
6 of the obligation to purchase unless, within one hundred  
7 twenty days after the written notice, the dissociated partner  
8 commences an action to determine the buyout price, any offsets  
9 under subsection 3, or other terms of the obligation to  
10 purchase.

11 8. A partner who wrongfully dissociates before the  
12 expiration of a definite term or the completion of a  
13 particular undertaking is not entitled to payment of any  
14 portion of the buyout price until the expiration of the term  
15 or completion of the undertaking, unless the partner  
16 establishes to the satisfaction of the court that earlier  
17 payment will not cause undue hardship to the business of the  
18 partnership. A deferred payment must be adequately secured  
19 and bear interest.

20 9. A dissociated partner may maintain an action against  
21 the partnership, pursuant to section 486.405, subsection 2,  
22 paragraph "b", subparagraph (2), to determine the buyout price  
23 of that partner's interest, any offsets under subsection 3, or  
24 other terms of the obligation to purchase. The action must be  
25 commenced within one hundred twenty days after the partnership  
26 has tendered payment or an offer to pay or within one year  
27 after written demand for payment if no payment or offer to pay  
28 is tendered. The court shall determine the buyout price of  
29 the dissociated partner's interest, any offset due under  
30 subsection 3, and accrued interest, and enter judgment for any  
31 additional payment or refund. If deferred payment is  
32 authorized under subsection 8, the court shall also determine  
33 the security for payment and other terms of the obligation to  
34 purchase. The court may assess reasonable attorney's fees and  
35 the fees and expenses of appraisers or other experts for a

1 party to the action, in amounts the court finds equitable,  
2 against a party that the court finds acted arbitrarily,  
3 vexatiously, or not in good faith. The finding may be based  
4 on the partnership's failure to tender payment or an offer to  
5 pay or to comply with subsection 7.

6 Sec. 34. NEW SECTION. 486.702 DISSOCIATED PARTNER'S  
7 POWER TO BIND AND LIABILITY TO PARTNERSHIP.

8 1. For two years after a partner dissociates without  
9 resulting in a dissolution and winding up of the partnership  
10 business, the partnership, including a surviving partnership  
11 under article 9, is bound by an act of the dissociated partner  
12 which would have bound the partnership under section 486.301  
13 before dissociation only if at the time of entering into the  
14 transaction all of the following apply:

15 a. The other party reasonably believed that the  
16 dissociated partner was then a partner.

17 b. The other party did not have notice of the partner's  
18 dissociation.

19 c. The other party is not deemed to have had knowledge  
20 under section 486.303, subsection 5, or notice under section  
21 486.704, subsection 3.

22 2. A dissociated partner is liable to the partnership for  
23 any damage caused to the partnership arising from an  
24 obligation incurred by the dissociated partner after  
25 dissociation for which the partnership is liable under  
26 subsection 1.

27 Sec. 35. NEW SECTION. 486.703 DISSOCIATED PARTNER'S  
28 LIABILITY TO OTHER PERSONS.

29 1. A partner's dissociation does not of itself discharge  
30 the partner's liability for a partnership obligation incurred  
31 before dissociation. A dissociated partner is not liable for  
32 a partnership obligation incurred after dissociation, except  
33 as otherwise provided in subsection 2.

34 2. A partner who dissociates without resulting in a  
35 dissolution and winding up of the partnership business is

1 liable as a partner to the other party in a transaction  
2 entered into by the partnership, or a surviving partnership  
3 under article 9, within two years after the partner's  
4 dissociation, only if the partner is liable for the obligation  
5 under section 486.306 and at the time of entering into the  
6 transaction all of the following apply:

7 a. The other party reasonably believed that the  
8 dissociated partner was then a partner.

9 b. The other party did not have notice of the partner's  
10 dissociation.

11 c. The other party is not deemed to have had knowledge  
12 under section 486.303, subsection 5, or notice under section  
13 486.704, subsection 3.

14 3. By agreement with the partnership creditor and the  
15 partners continuing the business, a dissociated partner may be  
16 released from liability for a partnership obligation.

17 4. A dissociated partner is released from liability for a  
18 partnership obligation if a partnership creditor, with notice  
19 of the partner's dissociation but without the partner's  
20 consent, agrees to a material alteration in the nature or time  
21 of payment of a partnership obligation.

22 Sec. 36. NEW SECTION. 486.704 STATEMENT OF DISSOCIATION.

23 1. A dissociated partner or the partnership may file a  
24 statement of dissociation stating the name of the partnership  
25 and that the partner is dissociated from the partnership.

26 2. A statement of dissociation is a limitation on the  
27 authority of a dissociated partner for the purposes of section  
28 486.303, subsections 4 and 5.

29 3. For the purposes of sections 486.702, subsection 1,  
30 paragraph "c", and 486.703, subsection 2, paragraph "c", a  
31 person not a partner is deemed to have notice of the  
32 dissociation ninety days after the statement of dissociation  
33 is filed.

34 Sec. 37. NEW SECTION. 486.705 CONTINUED USE OF  
35 PARTNERSHIP NAME.

1 Continued use of a partnership name, or a dissociated  
2 partner's name as part of a partnership name, by partners  
3 continuing the business does not of itself make the  
4 dissociated partner liable for an obligation of the partners  
5 or the partnership continuing the business.

6 ARTICLE 8

7 WINDING UP PARTNERSHIP BUSINESS

8 Sec. 38. NEW SECTION. 486.801 EVENTS CAUSING DISSOLUTION  
9 AND WINDING UP OF PARTNERSHIP BUSINESS.

10 A partnership is dissolved, and its business must be wound  
11 up, only upon the occurrence of any of the following events:

12 1. In a partnership at will, the partnership's having  
13 notice from a partner, other than a partner who is dissociated  
14 under section 486.601, subsections 2 through 10, of that  
15 partner's express will to withdraw as a partner, or on a later  
16 date specified by the partner.

17 2. In a partnership for a definite term or particular  
18 undertaking if any of the following occur or are present:

19 a. The expiration of ninety days after a partner's  
20 dissociation by death or otherwise under section 486.601,  
21 subsections 5 through 10, or wrongful dissociation under  
22 section 486.602, subsection 2, unless before that time a  
23 majority in interest of the remaining partners, including  
24 partners who have rightfully dissociated pursuant to section  
25 486.602, subsection 2, paragraph "b", subparagraph (1), agree  
26 to continue the partnership.

27 b. The express will of all of the partners to wind up the  
28 partnership business.

29 c. The expiration of the term or the completion of the  
30 undertaking.

31 3. An event agreed to in the partnership agreement  
32 resulting in the winding up of the partnership business.

33 4. An event that makes it unlawful for all or  
34 substantially all of the business of the partnership to be  
35 continued, but a cure of illegality within ninety days after

1 notice to the partnership of the event is effective  
2 retroactively to the date of the event for purposes of this  
3 section.

4 5. On application by a partner, a judicial determination  
5 that concludes any of the following:

6 a. The economic purpose of the partnership is likely to be  
7 unreasonably frustrated.

8 b. Another partner has engaged in conduct relating to the  
9 partnership business which makes it not reasonably practicable  
10 to carry on the business in partnership with that partner.

11 c. It is not otherwise reasonably practicable to carry on  
12 the partnership business in conformity with the partnership  
13 agreement.

14 6. On application by a transferee of a partner's  
15 transferable interest, a judicial determination that it is  
16 equitable to wind up the partnership business at any of the  
17 following times:

18 a. After the expiration of the term or completion of the  
19 undertaking, if the partnership was for a definite term or  
20 particular undertaking at the time of the transfer or entry of  
21 the charging order that gave rise to the transfer.

22 b. At any time, if the partnership was a partnership at  
23 will at the time of the transfer or entry of the charging  
24 order that gave rise to the transfer.

25 Sec. 39. NEW SECTION. 486.802 PARTNERSHIP CONTINUES  
26 AFTER DISSOLUTION.

27 1. Subject to subsection 2, a partnership continues after  
28 dissolution only for the purpose of winding up its business.  
29 The partnership is terminated when the winding up of its  
30 business is completed.

31 2. At any time after the dissolution of a partnership and  
32 before the winding up of its business is completed, all of the  
33 partners, including any dissociating partner other than a  
34 wrongfully dissociating partner, may waive the right to have  
35 the partnership's business wound up and the partnership



1 terminated. In that event all of the following apply:

2 a. The partnership resumes carrying on its business as if  
3 dissolution had never occurred, and any liability incurred by  
4 the partnership or a partner after the dissolution and before  
5 the waiver is determined as if dissolution had never occurred.

6 b. The rights of a third party accruing under section  
7 486.804, subsection 1, or arising out of conduct in reliance  
8 on the dissolution before the third party knew or received a  
9 notification of the waiver shall not be adversely affected.

10 Sec. 40. NEW SECTION. 486.803 RIGHT TO WIND UP  
11 PARTNERSHIP BUSINESS.

12 1. After dissolution, a partner who has not wrongfully  
13 dissociated may participate in winding up the partnership's  
14 business, but on application of any partner, partner's legal  
15 representative, or transferee, the court, for good cause  
16 shown, may order judicial supervision of the winding up.

17 2. The legal representative of the last surviving partner  
18 may wind up a partnership's business.

19 3. A person winding up a partnership's business may  
20 preserve the partnership business or property as a going  
21 concern for a reasonable time, prosecute and defend actions  
22 and proceedings, whether civil, criminal, or administrative,  
23 settle and close the partnership's business, dispose of and  
24 transfer the partnership's property, discharge the  
25 partnership's liabilities, distribute the assets of the  
26 partnership pursuant to section 486.807, settle disputes by  
27 mediation or arbitration, and perform other necessary acts.

28 Sec. 41. NEW SECTION. 486.804 PARTNER'S POWER TO BIND  
29 PARTNERSHIP AFTER DISSOLUTION.

30 Subject to section 486.805, a partnership is bound by a  
31 partner's act after dissolution that meets any of the  
32 following criteria:

33 1. Is appropriate for winding up the partnership business.

34 2. Would have bound the partnership under section 486.301  
35 before dissolution, if the other party to the transaction did

1 not have notice of the dissolution.

2 Sec. 42. NEW SECTION. 486.805 STATEMENT OF DISSOLUTION.

3 1. After dissolution, a partner who has not wrongfully  
4 dissociated may file a statement of dissolution stating the  
5 name of the partnership and that the partnership has dissolved  
6 and is winding up its business.

7 2. A statement of dissolution cancels a filed statement of  
8 partnership authority for the purposes of section 486.303,  
9 subsection 4, and is a limitation on authority for the  
10 purposes of section 486.303, subsection 5.

11 3. For the purposes of sections 486.301 and 486.804, a  
12 person not a partner is deemed to have notice of the  
13 dissolution and the limitation on the partners' authority as a  
14 result of the statement of dissolution ninety days after it is  
15 filed.

16 4. After filing and, if appropriate, recording a statement  
17 of dissolution, a dissolved partnership may file and, if  
18 appropriate, record a statement of partnership authority which  
19 will operate with respect to a person not a partner as  
20 provided in section 486.303, subsections 4 and 5, in any  
21 transaction, whether or not the transaction is appropriate for  
22 winding up the partnership business.

23 Sec. 43. NEW SECTION. 486.806 PARTNER'S LIABILITY TO  
24 OTHER PARTNERS AFTER DISSOLUTION.

25 1. Except as otherwise provided in subsection 2 and  
26 section 486.306, after dissolution a partner is liable to the  
27 other partners for the partner's share of any partnership  
28 liability incurred under section 486.804.

29 2. A partner who, with knowledge of the dissolution,  
30 incurs a partnership liability under section 486.804,  
31 subsection 2, by an act that is not appropriate for winding up  
32 the partnership business is liable to the partnership for any  
33 damage caused to the partnership arising from the liability.

34 Sec. 44. NEW SECTION. 486.807 SETTLEMENT OF ACCOUNTS AND  
35 CONTRIBUTIONS AMONG PARTNERS.

1 1. In winding up a partnership's business, the assets of  
2 the partnership, including the contributions of the partners  
3 required by this section, must be applied to discharge its  
4 obligations to creditors, including, to the extent permitted  
5 by law, partners who are creditors. Any surplus must be  
6 applied to pay in cash the net amount distributable to  
7 partners in accordance with their right to distributions under  
8 subsection 2.

9 2. Each partner is entitled to a settlement of all  
10 partnership accounts upon winding up the partnership business.  
11 In settling accounts among the partners, profits and losses  
12 that result from the liquidation of the partnership assets  
13 must be credited and charged to the partners' accounts. The  
14 partnership shall make a distribution to a partner in an  
15 amount equal to any excess of the credits over the charges in  
16 the partner's account. A partner shall contribute to the  
17 partnership an amount equal to any excess of the charges over  
18 the credits in the partner's account, but excluding from the  
19 calculation charges attributable to an obligation for which  
20 the partner is not personally liable under section 486.306.

21 3. If a partner fails to contribute the full amount  
22 required under subsection 2, all of the other partners shall  
23 contribute, in the proportions in which those partners share  
24 partnership losses, the additional amount necessary to satisfy  
25 the partnership obligations for which they are personally  
26 liable under section 486.306. A partner or partner's legal  
27 representative may recover from the other partners any  
28 contributions the partner makes to the extent the amount  
29 contributed exceeds that partner's share of the partnership  
30 obligations for which the partner is personally liable under  
31 section 486.306.

32 4. After the settlement of accounts, each partner shall  
33 contribute, in the proportion in which the partner shares  
34 partnership losses, the amount necessary to satisfy  
35 partnership obligations that were not known at the time of the

1 settlement and for which the partner is personally liable  
2 under section 486.306.

3 5. The estate of a deceased partner is liable for the  
4 partner's obligation to contribute to the partnership.

5 6. An assignee for the benefit of creditors of a  
6 partnership or a partner, or a person appointed by a court to  
7 represent creditors of a partnership or a partner, may enforce  
8 a partner's obligation to contribute to the partnership.

9 ARTICLE 9

10 CONVERSIONS AND MERGERS

11 Sec. 45. NEW SECTION. 486.901 DEFINITIONS.

12 In this article:

13 1. "General partner" means a partner in a partnership and  
14 a general partner in a limited partnership.

15 2. "Limited partner" means a limited partner in a limited  
16 partnership.

17 3. "Limited partnership" means a limited partnership  
18 created under chapter 487, predecessor law, or comparable law  
19 of another jurisdiction.

20 4. "Partner" includes both a general partner and a limited  
21 partner.

22 Sec. 46. NEW SECTION. 486.902 CONVERSION OF PARTNERSHIP  
23 TO LIMITED PARTNERSHIP.

24 1. A partnership may be converted to a limited partnership  
25 pursuant to this section.

26 2. The terms and conditions of a conversion of a  
27 partnership to a limited partnership must be approved by all  
28 of the partners or by a number or percentage specified for  
29 conversion in the partnership agreement.

30 3. After the conversion is approved by the partners, the  
31 partnership shall file a certificate of limited partnership in  
32 the jurisdiction in which the limited partnership is to be  
33 formed. The certificate must include all of the following:

34 a. A statement that the partnership was converted to a  
35 limited partnership from a partnership.

1 b. Its former name.

2 c. A statement of the number of votes cast by the partners  
3 for and against the conversion and, if the vote is less than  
4 unanimous, the number or percentage required to approve the  
5 conversion under the partnership agreement.

6 4. The conversion takes effect when the certificate of  
7 limited partnership is filed or at any later date specified in  
8 the certificate.

9 5. A general partner who becomes a limited partner as a  
10 result of the conversion remains liable as a general partner  
11 for an obligation incurred by the partnership before the  
12 conversion takes effect. If the other party to a transaction  
13 with the limited partnership reasonably believes when entering  
14 the transaction that the limited partner is a general partner,  
15 the limited partner is liable for an obligation incurred by  
16 the limited partnership within ninety days after the  
17 conversion takes effect. The limited partner's liability for  
18 all other obligations of the limited partnership incurred  
19 after the conversion takes effect is that of a limited partner  
20 as provided in chapter 487.

21 Sec. 47. NEW SECTION. 486.903 CONVERSION OF LIMITED  
22 PARTNERSHIP TO PARTNERSHIP.

23 1. A limited partnership may be converted to a partnership  
24 pursuant to this section.

25 2. Notwithstanding a provision to the contrary in a  
26 limited partnership agreement, the terms and conditions of a  
27 conversion of a limited partnership to a partnership must be  
28 approved by all of the partners.

29 3. After the conversion is approved by the partners, the  
30 limited partnership shall cancel its certificate of limited  
31 partnership.

32 4. The conversion takes effect when the certificate of  
33 limited partnership is canceled.

34 5. A limited partner who becomes a general partner as a  
35 result of the conversion remains liable only as a limited

1 partner for an obligation incurred by the limited partnership  
2 before the conversion takes effect. Except as otherwise  
3 provided in section 486.306, the partner is liable as a  
4 general partner for an obligation of the partnership incurred  
5 after the conversion takes effect.

6 Sec. 48. NEW SECTION. 486.904 EFFECT OF CONVERSION --  
7 ENTITY UNCHANGED.

8 1. A partnership or limited partnership that has been  
9 converted pursuant to this article is for all purposes the  
10 same entity that existed before the conversion.

11 2. When a conversion takes effect all of the following  
12 apply:

13 a. All property owned by the converting partnership or  
14 limited partnership remains vested in the converted entity.

15 b. All obligations of the converting partnership or  
16 limited partnership continue as obligations of the converted  
17 entity.

18 c. An action or proceeding pending against the converting  
19 partnership or limited partnership may be continued as if the  
20 conversion had not occurred.

21 Sec. 49. NEW SECTION. 486.905 MERGER OF PARTNERSHIPS.

22 1. Pursuant to a plan of merger approved as provided in  
23 subsection 3, a partnership may be merged with one or more  
24 partnerships or limited partnerships.

25 2. The plan of merger must set forth all of the following:

26 a. The name of each partnership or limited partnership  
27 that is a party to the merger.

28 b. The name of the surviving entity into which the other  
29 partnerships or limited partnerships will merge.

30 c. Whether the surviving entity is a partnership or a  
31 limited partnership and the status of each partner.

32 d. The terms and conditions of the merger.

33 e. The manner and basis of converting the interests of  
34 each party to the merger into interests or obligations of the  
35 surviving entity, or into money or other property in whole or

1 part.

2 f. The street address of the surviving entity's chief  
3 executive office.

4 3. The plan of merger must be approved as follows:

5 a. In the case of a partnership that is a party to the  
6 merger, by all of the partners, or a number or percentage  
7 specified for merger in the partnership agreement.

8 b. In the case of a limited partnership that is a party to  
9 the merger, by the vote required for approval of a merger by  
10 the law of the state or foreign jurisdiction in which the  
11 limited partnership is organized and, in the absence of such a  
12 specifically applicable law, by all of the partners,  
13 notwithstanding a provision to the contrary in the partnership  
14 agreement.

15 4. After a plan of merger is approved and before the  
16 merger takes effect, the plan may be amended or abandoned as  
17 provided in the plan.

18 5. The merger takes effect on the later of any of the  
19 following:

20 a. The approval of the plan of merger by all parties to  
21 the merger, as provided in subsection 3.

22 b. The filing of all documents required by law to be filed  
23 as a condition to the effectiveness of the merger.

24 c. Any effective date specified in the plan of merger.

25 Sec. 50. NEW SECTION. 486.906 EFFECT OF MERGER.

26 1. When a merger takes effect all of the following apply:

27 a. The separate existence of every partnership or limited  
28 partnership that is a party to the merger, other than the  
29 surviving entity, ceases.

30 b. All property owned by each of the merged partnerships  
31 or limited partnerships vests in the surviving entity.

32 c. All obligations of every partnership or limited  
33 partnership that is a party to the merger become the  
34 obligations of the surviving entity.

35 d. An action or proceeding pending against a partnership

1 or limited partnership that is a party to the merger may be  
2 continued as if the merger had not occurred, or the surviving  
3 entity may be substituted as a party to the action or  
4 proceeding.

5 2. The secretary of state of this state is the agent for  
6 service of process in an action or proceeding against a  
7 surviving foreign partnership or limited partnership to  
8 enforce an obligation of a domestic partnership or limited  
9 partnership that is a party to a merger. The surviving entity  
10 shall promptly notify the secretary of state of the mailing  
11 address of its chief executive office and of any change of  
12 address. Upon receipt of process, the secretary of state  
13 shall mail a copy of the process to the surviving foreign  
14 partnership or limited partnership.

15 3. A partner of the surviving partnership or limited  
16 partnership is liable for all of the following:

17 a. All obligations of a party to the merger for which the  
18 partner was personally liable before the merger.

19 b. All other obligations of the surviving entity incurred  
20 before the merger by a party to the merger, but those  
21 obligations may be satisfied only out of property of the  
22 entity.

23 c. Except as otherwise provided in section 486.306, all  
24 obligations of the surviving entity incurred after the merger  
25 takes effect, but those obligations may be satisfied only out  
26 of property of the entity if the partner is a limited partner.

27 4. If the obligations incurred before the merger by a  
28 party to the merger are not satisfied out of the property of  
29 the surviving partnership or limited partnership, the general  
30 partners of that party immediately before the effective date  
31 of the merger shall contribute the amount necessary to satisfy  
32 that party's obligations to the surviving entity, in the  
33 manner provided in section 486.807 or in chapter 487 or under  
34 the law of the jurisdiction in which the party was formed, as  
35 the case may be, as if the merged party were dissolved.



1 5. A partner of a party to a merger who does not become a  
2 partner of the surviving partnership or limited partnership is  
3 dissociated from the entity, of which that partner was a  
4 partner, as of the date the merger takes effect. The  
5 surviving entity shall cause the partner's interest in the  
6 entity to be purchased under section 486.701 or another  
7 statute specifically applicable to that partner's interest  
8 with respect to a merger. The surviving entity is bound under  
9 section 486.702 by an act of a general partner dissociated  
10 under this subsection, and the partner is liable under section  
11 486.703 for transactions entered into by the surviving entity  
12 after the merger takes effect.

13 Sec. 51. NEW SECTION. 486.907 STATEMENT OF MERGER.

14 1. After a merger, the surviving partnership or limited  
15 partnership may file a statement that one or more partnerships  
16 or limited partnerships have merged into the surviving entity.

17 2. A statement of merger must contain all of the  
18 following:

19 a. The name of each partnership or limited partnership  
20 that is a party to the merger.

21 b. The name of the surviving entity into which the other  
22 partnerships or limited partnership were merged.

23 c. The street address of the surviving entity's chief  
24 executive office and of an office in this state, if any.

25 d. Whether the surviving entity is a partnership or a  
26 limited partnership.

27 3. Except as otherwise provided in subsection 4, for the  
28 purposes of section 486.302, property of the surviving  
29 partnership or limited partnership which before the merger was  
30 held in the name of another party to the merger is property  
31 held in the name of the surviving entity upon filing a  
32 statement of merger.

33 4. For the purposes of section 486.302, real property of  
34 the surviving partnership or limited partnership which before  
35 the merger was held in the name of another party to the merger

1 is property held in the name of the surviving entity upon  
2 recording a certified copy of the statement of merger in the  
3 office for recording transfers of that real property.

4 5. A filed and, if appropriate, recorded statement of  
5 merger, executed and declared to be accurate pursuant to  
6 section 486.105, subsection 3, stating the name of a  
7 partnership or limited partnership that is a party to the  
8 merger in whose name property was held before the merger and  
9 the name of the surviving entity, but not containing all of  
10 the other information required by subsection 2, operates with  
11 respect to the partnerships or limited partnerships named to  
12 the extent provided in subsections 3 and 4.

13 Sec. 52. NEW SECTION. 486.908 NONEXCLUSIVE.

14 This article is not exclusive. Partnerships or limited  
15 partnerships may be converted or merged in any other manner  
16 provided by law.

17 ARTICLE 10

18 LIMITED LIABILITY PARTNERSHIP

19 Sec. 53. NEW SECTION. 486.1001 STATEMENT OF  
20 QUALIFICATION.

21 1. A partnership may become a limited liability  
22 partnership pursuant to this section.

23 2. The terms and conditions on which a partnership becomes  
24 a limited liability partnership must be approved by the vote  
25 necessary to amend the partnership agreement except, in the  
26 case of a partnership agreement that expressly considers  
27 obligations to contribute to the partnership, by the vote  
28 necessary to amend those provisions.

29 3. After the approval required by subsection 2, a  
30 partnership may become a limited liability partnership by  
31 filing a statement of qualification. The statement must  
32 contain all of the following:

33 a. The name of the partnership.

34 b. The street address of the partnership's chief executive  
35 office and, if different, the street address of an office in

1 this state, if any.

2 c. The address of a registered office and the name and  
3 address of a registered agent for service of process in this  
4 state, which the partnership is required to maintain as  
5 provided in section 486.1211.

6 d. A statement that the partnership elects to be a limited  
7 liability partnership.

8 e. A deferred effective date, if any.

9 4. The statement shall be executed by one or more partners  
10 authorized to execute the statement on behalf of the  
11 partnership.

12 5. The status of a partnership as a limited liability  
13 partnership is effective on the later of the filing of the  
14 statement or a date specified in the statement. The status  
15 remains effective, regardless of changes in the partnership,  
16 until the statement is canceled pursuant to section 486.105,  
17 subsection 4.

18 6. The status of a partnership as a limited liability  
19 partnership and the liability of its partners is not affected  
20 by errors or later changes in the information required to be  
21 contained in the statement of qualification under subsection  
22 3.

23 7. The filing of a statement of qualification establishes  
24 that a partnership has satisfied all conditions precedent to  
25 the qualification of the partnership as a limited liability  
26 partnership.

27 8. An amendment or cancellation of a statement of  
28 qualification is effective when it is filed or on a deferred  
29 effective date specified in the amendment or cancellation.

30 Sec. 54. NEW SECTION. 486.1002 NAME.

31 The name of a limited liability partnership must end with  
32 "Registered Limited Liability Partnership", "Limited Liability  
33 Partnership", "R.L.L.P.", "L.L.P.", "RLLP", or "LLP".



34  
35

ARTICLE 11

FOREIGN LIMITED LIABILITY PARTNERSHIP

1     Sec. 55. NEW SECTION. 486.1101 LAW GOVERNING FOREIGN  
2 LIMITED LIABILITY PARTNERSHIP.

3     1. The law under which a foreign limited liability  
4 partnership is formed governs relations among the partners and  
5 between the partners and the partnership and the liability of  
6 partners for obligations of the partnership.

7     2. A foreign limited liability partnership may not be  
8 denied a statement of foreign qualification by reason of any  
9 difference between the law under which the partnership was  
10 formed and the law of this state.

11    3. A statement of foreign qualification does not authorize  
12 a foreign limited liability partnership to engage in any  
13 business or exercise any power that a partnership may not  
14 engage in or exercise in this state as a limited liability  
15 partnership.

16    Sec. 56. NEW SECTION. 486.1102 STATEMENT OF FOREIGN  
17 QUALIFICATION.

18    1. Before transacting business in this state, a foreign  
19 limited liability partnership must file a statement of foreign  
20 qualification. The statement must contain all of the  
21 following:

22    a. The name of the foreign limited liability partnership  
23 which satisfies the requirements of the state or other  
24 jurisdiction under whose law it is formed and ends with  
25 "Registered Limited Liability Partnership", "Limited Liability  
26 Partnership", "R.L.L.P.", "L.L.P.", "RLLP", or "LLP".

27    b. The street address of the partnership's chief executive  
28 office and, if different, the street address of an office of  
29 the partnership in this state, if any.

30    c. If there is no office of the partnership in this state,  
31 the name and street address of the partnership's agent for  
32 service of process.

33    d. A deferred effective date, if any.

34    2. The agent of a foreign limited liability company for  
35 service of process must be an individual who is a resident of

1 this state or other person authorized to do business in this  
2 state.

3 3. The status of a partnership as a foreign limited  
4 liability partnership is effective on the later of the filing  
5 of the statement of foreign qualification or a date specified  
6 in the statement. The status remains effective, regardless of  
7 changes in the partnership, until it is canceled pursuant to  
8 section 486.105, subsection 4.

9 4. An amendment or cancellation of a statement of foreign  
10 qualification is effective when it is filed or on a deferred  
11 effective date specified in the amendment or cancellation.

12 Sec. 57. NEW SECTION. 486.1103 EFFECT OF FAILURE TO  
13 QUALIFY.

14 1. A foreign limited liability partnership transacting  
15 business in this state may not maintain an action or  
16 proceeding in this state unless it has in effect a statement  
17 of foreign qualification.

18 2. The failure of a foreign limited liability partnership  
19 to have in effect a statement of foreign qualification does  
20 not impair the validity of a contract or act of the foreign  
21 limited liability partnership or preclude it from defending an  
22 action or proceeding in this state.

23 3. A limitation on personal liability of a partner is not  
24 waived solely by transacting business in this state without a  
25 statement of foreign qualification.

26 4. If a foreign limited liability partnership transacts  
27 business in this state without a statement of foreign  
28 qualification, the secretary of state is its agent for service  
29 of process with respect to a right of action arising out of  
30 the transaction of business in this state.

31 Sec. 58. NEW SECTION. 486.1104 ACTIVITIES NOT  
32 CONSTITUTING TRANSACTING BUSINESS.

33 1. Activities of a foreign limited liability partnership  
34 which do not constitute transacting business for the purpose  
35 of this article include all of the following:

1 a. Maintaining, defending, or settling an action or  
2 proceeding.

3 b. Holding meetings of its partners or carrying on any  
4 other activity concerning its internal affairs.

5 c. Maintaining bank accounts.

6 d. Maintaining offices or agencies for the transfer,  
7 exchange, and registration of the partnership's own securities  
8 or maintaining trustees or depositories with respect to those  
9 securities.

10 e. Selling through independent contracts.

11 f. Soliciting or obtaining orders, whether by mail or  
12 through employees or agents or otherwise, if the orders  
13 require acceptance outside this state before they become  
14 contracts.

15 g. Creating or acquiring indebtedness, with or without a  
16 mortgage, or other security interest in property.

17 h. Collecting debts or foreclosing mortgages or other  
18 security interests in property securing the debts, and  
19 holding, protecting, and maintaining property so acquired.

20 i. Conducting an isolated transaction that is completed  
21 within thirty days and is not one in the course of similar  
22 transactions.

23 j. Transacting business in interstate commerce.

24 2. For purposes of this article, the ownership in this  
25 state of income-producing real property or tangible personal  
26 property, other than property excluded under subsection 1,  
27 constitutes transacting business in this state.

28 3. This section does not apply in determining the  
29 contracts or activities that may subject a foreign limited  
30 liability partnership to service of process, taxation, or  
31 regulation under any other law of this state.

32 Sec. 59. NEW SECTION. 486.1105 ACTION BY ATTORNEY  
33 GENERAL.

34 The attorney general may maintain an action to restrain a  
35 foreign limited liability partnership from transacting

1 business in this state in violation of this article.

2 ARTICLE 12

3 FILING PROVISIONS

4 Sec. 60. NEW SECTION. 486.1201 FILING REQUIREMENTS.

5 1. A document shall satisfy the requirements of this  
6 section, and of any other section that adds to or varies these  
7 requirements, to be entitled to filing.

8 2. The document shall be filed in the office of the  
9 secretary of state.

10 3. The document shall contain the information required by  
11 this chapter. The document may contain other information as  
12 well.

13 4. The document shall be typewritten or printed. The  
14 typewritten or printed portion shall be black. Manually  
15 signed photocopies, or other reproduced copies, including  
16 facsimiles or other electronically or computer-generated  
17 copies of typewritten or printed documents may be filed.

18 5. The document shall be in the English language. A  
19 limited partnership name need not be in English if written in  
20 English letters or arabic or roman numerals.

21 6. Except as otherwise provided in this chapter, the  
22 document shall be executed by one of the following methods:

23 a. By two or more partners.

24 b. By a person authorized under this chapter, the  
25 partnership agreement, or other law to execute the document.

26 c. If the partnership is in the hands of a receiver,  
27 trustee, or other court-appointed fiduciary, by such receiver,  
28 trustee, or fiduciary.

29 d. If the document is that of a registered agent, by the  
30 registered agent, if the person is an individual, or by a  
31 person authorized by the registered agent to execute the  
32 document, if the registered agent is an entity.

33 7. The person executing the document shall sign it and  
34 state beneath or opposite the person's signature, the person's  
35 name and the capacity in which the person signs. The

1 secretary of state may accept for filing a document containing  
2 a copy of a signature, however made.

3 8. If, pursuant to any provision of this chapter, the  
4 secretary of state has prescribed a mandatory form for the  
5 document, the document shall be in or on the prescribed form.

6 9. The document shall be delivered to the office of the  
7 secretary of state for filing and shall be accompanied by the  
8 correct filing fee.

9 10. The secretary of state may adopt rules for the  
10 electronic filing of documents and the certification of  
11 electronically filed documents.

12 Sec. 61. NEW SECTION. 486.1202 FEES.

13 1. The secretary of state shall collect fees for documents  
14 described in this subsection which are delivered to the  
15 secretary's office for filing as follows:

DOCUMENT	FEE
a. Statement of qualification .....	\$100
b. Statement of foreign qualification .....	\$100
c. Amendment to statement of qualification .....	\$ 20
d. Amendment to statement of foreign qualification ..	\$ 20
e. Cancellation of statement of qualification .....	\$ 20
f. Cancellation of statement of foreign	
qualification .....	\$ 20
g. Application for certificate of existence or	
qualification .....	\$ 5
h. Any other statement or document required or	
permitted to be filed .....	\$ 5

28 2. The secretary of state shall collect a fee of five  
29 dollars each time process is served on the secretary under  
30 this chapter. The party to a proceeding causing service of  
31 process is entitled to recover this fee as costs if the party  
32 prevails in the proceeding.

33 3. The secretary of state shall collect fees for copying  
34 and certifying the copy of any filed document relating to a  
35 domestic or foreign partnership as follows:



1 a. One dollar a page for copying.

2 b. Five dollars for the certificate.

3 Sec. 62. NEW SECTION. 486.1203 EFFECTIVE TIME AND DATE  
4 OF DOCUMENTS.

5 1. Except as provided in subsection 2 and section  
6 486.1204, subsection 3, a document accepted for filing is  
7 effective at the later of the following:

8 a. At the time of filing on the date it is filed, as  
9 evidenced by the secretary of state's date and time  
10 endorsement on the original document.

11 b. At the time specified in the document as its effective  
12 time on the date it is filed.

13 2. A document may specify a delayed effective time and  
14 date, and if it does so the document becomes effective at the  
15 time and date specified. If a delayed effective date but no  
16 time is specified, the document is effective at the close of  
17 business on that date. A delayed effective date for a  
18 document shall not be later than the ninetieth day after the  
19 date it is filed.

20 Sec. 63. NEW SECTION. 486.1204 CORRECTING FILED  
21 DOCUMENTS.

22 1. A partnership may correct a document filed by the  
23 secretary of state if the document satisfies one or both of  
24 the following:

25 a. The document contains an incorrect statement.

26 b. The document was defectively executed, attested,  
27 sealed, verified, or acknowledged.

28 2. A document is corrected by complying with both of the  
29 following:

30 a. By preparing a statement of correction that satisfies  
31 all of the following:

32 (1) The statement describes the document, including its  
33 filing date, or a copy of the document is attached to the  
34 statement.

35 (2) The statement specifies the incorrect statement and

1 the reason it is incorrect or the manner in which the  
2 execution was defective.

3 (3) The statement corrects the incorrect statement or  
4 defective execution.

5 b. By delivering the statement to the secretary of state  
6 for filing.

7 3. Statements of corrections are effective on the  
8 effective date of the document they correct except as to  
9 persons relying on the uncorrected document and adversely  
10 affected by the correction. As to those persons, statements  
11 of correction are effective when filed.

12 Sec. 64. NEW SECTION. 486.1205 FILING DUTY OF SECRETARY  
13 OF STATE.

14 1. If a document delivered to the office of the secretary  
15 of state for filing satisfies the requirements of section  
16 486.1201, the secretary of state shall file it and issue any  
17 necessary certificate.

18 2. The secretary of state files a document by stamping or  
19 otherwise endorsing "filed", together with the secretary of  
20 state's name and official title and the date and time of  
21 receipt, on both the document and the receipt for the filing  
22 fee. After filing a document, and except as provided in  
23 sections 486.304 and 486.1213, the secretary of state shall  
24 deliver the document, with the filing fee receipt, or  
25 acknowledgment of receipt if no fee is required, attached, to  
26 the domestic or foreign partnership or its representative.

27 3. If the secretary of state refuses to file a document,  
28 the secretary of state shall return it to the domestic or  
29 foreign partnership or its representative within ten days  
30 after the document was received by the secretary of state,  
31 together with a brief, written explanation of the reason for  
32 the refusal.

33 4. The secretary of state's duty to file documents under  
34 this section is ministerial. Filing or refusing to file a  
35 document does not do any of the following:

1 a. Affect the validity or invalidity of the document in  
2 whole or part.

3 b. Relate to the correctness or incorrectness of  
4 information contained in the document.

5 c. Create a presumption that the document is valid or  
6 invalid or that information contained in the document is  
7 correct or incorrect.

8 Sec. 65. NEW SECTION. 486.1206 APPEAL FROM SECRETARY OF  
9 STATE'S REFUSAL TO FILE DOCUMENT.

10 1. If the secretary of state refuses to file a document  
11 delivered to the secretary of state's office for filing, the  
12 domestic or foreign partnership may appeal the refusal, within  
13 thirty days after the return of the document, to the district  
14 court for the county in which the partnership's principal  
15 office is located or, if none is located in this state, for  
16 the county in which its registered office is or will be  
17 located. The appeal is commenced by petitioning the court to  
18 compel filing the document and by attaching to the petition  
19 the document and the secretary of state's explanation of the  
20 refusal to file.

21 2. The court may summarily order the secretary of state to  
22 file the document or take other action the court considers  
23 appropriate.

24 3. The court's final decision may be appealed as in other  
25 civil proceedings.

26 Sec. 66. NEW SECTION. 486.1207 EVIDENTIARY EFFECT OF  
27 COPY OF FILED DOCUMENT.

28 A certificate attached to a copy of a document filed by the  
29 secretary of state, bearing the secretary of state's  
30 signature, which may be in facsimile, and the seal of the  
31 secretary of state, is conclusive evidence that the original  
32 document is on file with the secretary of state.

33 Sec. 67. NEW SECTION. 486.1208 CERTIFICATES ISSUED BY  
34 SECRETARY OF STATE.

35 1. The secretary of state shall issue to any person, upon

1 request, a certificate that sets forth any facts recorded in  
2 the office of the secretary of state.

3 2. A certificate issued by the secretary of state may be  
4 relied upon, subject to any qualification stated in the  
5 certificate, as prima facie evidence of the facts set forth in  
6 the certificate.

7 Sec. 68. NEW SECTION. 486.1209 PENALTY FOR SIGNING FALSE  
8 DOCUMENT.

9 1. A person commits an offense if that person signs a  
10 document the person knows is false in any material respect  
11 with intent that the document be delivered to the secretary of  
12 state for filing.

13 2. An offense under this section is a serious misdemeanor  
14 punishable by a fine not to exceed one thousand dollars.

15 Sec. 69. NEW SECTION. 486.1210 SECRETARY OF STATE  
16 POWERS.

17 The secretary of state has the power reasonably necessary  
18 to perform the duties required of the secretary of state by  
19 this chapter.

20 Sec. 70. NEW SECTION. 486.1211 REGISTERED OFFICE AND  
21 REGISTERED AGENT.

22 Each partnership that is qualified under section 486.1001  
23 shall continuously maintain in this state the following:

24 1. A registered office.

25 2. A registered agent, who is one of the following:

26 a. An individual who resides in this state and whose  
27 business office is identical with the registered office.

28 b. A domestic corporation whose business office is  
29 identical with the registered office.

30 c. A foreign corporation authorized to transact business  
31 in this state whose business office is identical with the  
32 registered office.

33 Sec. 71. NEW SECTION. 486.1212 CHANGE OF REGISTERED  
34 OFFICE OR REGISTERED AGENT.

35 1. A partnership may change its registered office or

1 registered agent by delivering to the secretary of state for  
2 filing a statement of change that sets forth all of the  
3 following:

4 a. The name of the partnership.

5 b. The street address of its current registered office.

6 c. If the registered office is to be changed, the street  
7 address of the new registered office.

8 d. The name of its current registered agent.

9 e. If the registered agent is to be changed, the name of  
10 the new registered agent and the new registered agent's  
11 written consent to the appointment, either on the statement of  
12 change or in an accompanying document.

13 f. That, after the change or changes are made, the street  
14 addresses of its registered office and of the business office  
15 of its registered agent will be identical.

16 2. If a registered agent changes the street address of the  
17 registered agent's business office, the registered agent may  
18 change the street address of the registered office of any  
19 partnership for which the registered agent is the registered  
20 agent by giving written notice to the partnership of the  
21 change and executing, either manually or in facsimile, and  
22 delivering to the secretary of state for filing a statement of  
23 change that complies with the requirements of subsection 1 and  
24 recites that notice of the change has been given to the  
25 partnership.

26 Sec. 72. NEW SECTION. 486.1213 RESIGNATION OF REGISTERED  
27 AGENT.

28 1. The registered agent of a partnership may resign the  
29 agency by delivering to the secretary of state for filing a  
30 statement of resignation, which shall be accompanied by two  
31 exact or conformed copies of such statement. The statement of  
32 resignation may include a statement that the registered office  
33 is also discontinued.

34 2. After filing the statement of resignation, the  
35 secretary of state shall deliver one copy to the registered

1 office of the partnership and the other copy to the chief  
2 executive office of the partnership.

3 3. The agency appointment is terminated, and the  
4 registered office discontinued if so provided, on the thirty-  
5 first day after the date on which the statement of resignation  
6 was filed.

7 Sec. 73. NEW SECTION. 486.1214 SERVICE ON PARTNERSHIP.

8 1. A partnership's registered agent is the partnership's  
9 agent for service of any process, notice, or demand required  
10 or permitted by law to be served on the partnership.

11 2. If a partnership has no registered agent, or the  
12 registered agent cannot with reasonable diligence be served,  
13 the partnership may be served by registered or certified mail,  
14 return receipt requested, addressed to the partnership at its  
15 chief executive office. Service is perfected under this  
16 subsection at the earliest of the following:

17 a. The date the partnership receives the process, notice,  
18 or demand.

19 b. The date shown on the return receipt, if signed on  
20 behalf of the partnership.

21 c. Five days after mailing.

22 3. This section does not prescribe the only means, or  
23 necessarily the required means, of serving a partnership.

24 ARTICLE 13

25 MISCELLANEOUS PROVISIONS

26 Sec. 74. NEW SECTION. 486.1301 UNIFORMITY OF APPLICATION  
27 AND CONSTRUCTION.

28 This chapter shall be applied and construed to effectuate  
29 its general purpose to make uniform the law with respect to  
30 the subject of this chapter among states enacting it.

31 Sec. 75. NEW SECTION. 486.1302 SHORT TITLE.

32 This chapter may be cited as the "Uniform Partnership Act".

33 Sec. 76. SEVERABILITY CLAUSE. If any provision of this  
34 chapter or its application to any person or circumstance is  
35 held invalid, the invalidity does not affect other provisions

1 or applications of this chapter which can be given effect  
2 without the invalid provision or application, and to this end  
3 the provisions of this chapter are severable.

4 Sec. 77. SAVINGS CLAUSE. This Act does not affect an  
5 action or proceeding commenced or right accrued before this  
6 Act takes effect.

7 Sec. 78. Chapter 486, Code and Code Supplement 1997, is  
8 repealed effective January 1, 2001.

9 Sec. 79. APPLICABILITY.

10 1. Prior to January 1, 2001, this Act applies to a  
11 partnership formed as follows:

12 a. On or after January 1, 1999, except a partnership that  
13 is continuing the business of a dissolved partnership under  
14 section 486.41.

15 b. Prior to January 1, 2001, if such partnership elects,  
16 as provided in subsection 3, to be governed by this Act.

17 2. On or after January 1, 2001, this Act applies to all  
18 partnerships.

19 3. Prior to January 1, 2001, a partnership, in the manner  
20 provided in its partnership agreement or by law for amending  
21 the partnership agreement, may voluntarily elect to be  
22 governed by this Act. The provisions of this Act relating to  
23 the liability of the partnerships' partners to third parties  
24 apply to limit those partners' liability to a third party who  
25 had done business with the partnership within one year before  
26 the partnership's election to be governed by this Act only if  
27 the third party knows or has received a notification of the  
28 partnership's election to be governed by this Act.

29 Sec. 80. EFFECTIVE DATE. This Act takes effect January 1,  
30 1999.

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## SENATE AMENDMENT TO HOUSE AMENDMENT TO S. F. 2311

H-9007

1 Amend the House amendment, S-5503, to Senate File  
2 2311, as amended, passed, and reprinted by the Senate,  
3 as follows:

4 1. Page 1, by inserting after line 4 the  
5 following:

6 "\_\_\_\_. Page 55, by inserting after line 28 the  
7 following:

8 "Sec. 1001. CODE EDITOR DIRECTIVE. In order to  
9 distinguish between chapter 486, Code and Code  
10 Supplement 1997, which is not repealed until January  
11 1, 2001, and which will appear in Code 1999, and the  
12 new sections of chapter 486 which are created by this  
13 Act, which are effective January 1, 1999, and which  
14 will also appear in Code 1999, the Code editor shall  
15 codify the new sections of chapter 486, as enacted by  
16 this Act, as a new chapter 486A."

17 2. Page 55, by inserting after line 28 the  
18 following:

19 "Sec. \_\_\_\_ . EFFECTIVE DATE. Section 1001 of this  
20 Act, being deemed of immediate importance, takes  
21 effect upon enactment."

22 3. By renumbering as necessary.

RECEIVED FROM THE SENATE

H-9007 FILED APRIL 8, 1998

*House Concurred**4-13-98  
(P. 1496)*



S-5544

1 Amend the House amendment, S-5503, to Senate File  
2 2311, as amended, passed, and reprinted by the Senate,  
3 as follows:

4 1. Page 1, by inserting after line 4 the  
5 following:

6 "\_\_\_\_. Page 55, by inserting after line 28 the  
7 following:

8 "Sec. 1001. CODE EDITOR DIRECTIVE. In order to  
9 distinguish between chapter 486, Code and Code  
10 Supplement 1997, which is not repealed until January  
11 1, 2001, and which will appear in Code 1999, and the  
12 new sections of chapter 486 which are created by this  
13 Act, which are effective January 1, 1999, and which  
14 will also appear in Code 1999, the Code editor shall  
15 codify the new sections of chapter 486, as enacted by  
16 this Act, as a new chapter 486A."

17 2. Page 55, by inserting after line 28 the  
18 following:

19 "Sec. \_\_\_\_ . EFFECTIVE DATE. Section 1001 of this  
20 Act, being deemed of immediate importance, takes  
21 effect upon enactment."

22 3. By renumbering as necessary.

By O. GENE MADDOX

S-5544 FILED APRIL 7, 1998

*adopted 4-8-98 (p. 1134)*

HOUSE AMENDMENT TO  
SENATE FILE 2311

S-5503

1 Amend Senate File 2311, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 48, line 17, by striking the figure "100"  
4 and inserting the following: "50".

RECEIVED FROM THE HOUSE

S-5503 FILED APRIL 6, 1998

*Senate Concurred*

*4-8-98*

*(p. 1134)*

Maddox, Chair  
Hansen  
King

SSB 50

Commerce

introduced by  
SP/HF 2311

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMISSION ON  
UNIFORM STATE LAWS BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to partnerships by replacing the existing law  
2 with a uniform partnership law and providing an effective  
3 date.

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

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ARTICLE 1

GENERAL PROVISIONS

Section 1. NEW SECTION. 486.101 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

1. "Business" includes every trade, occupation, and profession.

2. "Debtor in bankruptcy" means a person who is the subject of any of the following:

a. An order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application.

b. A comparable order under federal, state, or foreign law governing insolvency.

3. "Distribution" means a transfer of money or other property from a partnership to a partner in the partner's capacity as a partner or to the partner's transferee.

4. "Foreign limited liability partnership" means a partnership that satisfies both of the following:

a. The partnership is formed under laws other than the laws of this state.

b. The partnership has the status of a limited liability partnership under those laws.

5. "Limited liability partnership" means a partnership that has filed a statement of qualification under section 486.1001 and does not have a similar statement in effect in any other jurisdiction.

6. "Partnership" means an association of two or more persons to carry on as co-owners a business for profit formed under section 486.202, predecessor law, or comparable law of another jurisdiction.

7. "Partnership agreement" means the agreement, whether written, oral, or implied, among the partners concerning the partnership, including amendments to the partnership agreement.

1 8. "Partnership at will" means a partnership in which the  
2 partners have not agreed to remain partners until the  
3 expiration of a definite term or the completion of a  
4 particular undertaking.

5 9. "Partnership interest" or "partner's interest in the  
6 partnership" means all of a partner's interests in the  
7 partnership, including the partner's transferable interest and  
8 all management and other rights.

9 10. "Person" means an individual, corporation, business  
10 trust, estate, trust, partnership, association, joint venture,  
11 government, governmental subdivision, agency, or  
12 instrumentality, or any other legal or commercial entity.

13 11. "Property" means all property, real, personal, or  
14 mixed, tangible or intangible, or any interest therein.

15 12. "State" means a state of the United States, the  
16 District of Columbia, the Commonwealth of Puerto Rico, or any  
17 territory or insular possession subject to the jurisdiction of  
18 the United States.

19 13. "Statement" means a statement of partnership authority  
20 under section 486.303, a statement of denial under section  
21 486.304, a statement of dissociation under section 486.704, a  
22 statement of dissolution under section 486.805, a statement of  
23 merger under section 486.907, a statement of qualification  
24 under section 486.1001, a statement of foreign qualification  
25 under section 486.1102, or an amendment or cancellation of any  
26 of the foregoing.

27 14. "Transfer" includes an assignment, conveyance, lease,  
28 mortgage, deed, and encumbrance.

29 Sec. 2. NEW SECTION. 486.102 KNOWLEDGE AND NOTICE.

30 1. A person knows a fact if the person has actual  
31 knowledge of it.

32 2. A person has notice of a fact if any of the following  
33 apply:

34 a. The person knows of it.

35 b. The person has received a notification of it.

1 c. The person has reason to know it exists from all of the  
2 facts known to the person at the time in question.

3 3. A person notifies or gives a notification to another by  
4 taking steps reasonably required to inform the other person in  
5 ordinary course, whether or not the other person learns of it.

6 4. A person receives a notification when any of the  
7 following occur:

8 a. The notification comes to the person's attention.

9 b. The notification is duly delivered at the person's  
10 place of business or at any other place held out by the person  
11 as a place for receiving communications.

12 5. Except as otherwise provided in subsection 6, a person  
13 other than an individual knows, has notice, or receives a  
14 notification of a fact for purposes of a particular  
15 transaction when the individual conducting the transaction  
16 knows, has notice, or receives a notification of the fact, or  
17 in any event when the fact would have been brought to the  
18 individual's attention if the person had exercised reasonable  
19 diligence. The person exercises reasonable diligence if the  
20 person maintains reasonable routines for communicating  
21 significant information to the individual conducting the  
22 transaction and there is reasonable compliance with the  
23 routines. Reasonable diligence does not require an individual  
24 acting for the person to communicate information unless the  
25 communication is part of the individual's regular duties or  
26 the individual has reason to know of the transaction and that  
27 the transaction would be materially affected by the  
28 information.

29 6. A partner's knowledge, notice, or receipt of a  
30 notification of a fact relating to the partnership is  
31 effective immediately as knowledge by, notice to, or receipt  
32 of a notification by the partnership, except in the case of a  
33 fraud on the partnership committed by or with the consent of  
34 that partner.

35 Sec. 3. NEW SECTION. 486.103 EFFECT OF PARTNERSHIP

1 AGREEMENT -- NONWAIVABLE PROVISIONS.

2 1. Except as otherwise provided in subsection 2, relations  
3 among the partners and between the partners and the  
4 partnership are governed by the partnership agreement. To the  
5 extent the partnership agreement does not otherwise provide,  
6 this chapter governs relations among the partners and between  
7 the partners and the partnership.

8 2. The partnership agreement shall not do any of the  
9 following:

10 a. Vary the rights and duties under section 486.105 except  
11 to eliminate the duty to provide copies of statements to all  
12 of the partners.

13 b. Unreasonably restrict the right of access to books and  
14 records under section 486.403, subsection 2.

15 c. Eliminate the duty of loyalty under section 486.404,  
16 subsection 2, or 486.603, subsection 2, paragraph "c", except  
17 as follows:

18 (1) The partnership agreement may identify specific types  
19 or categories of activities that do not violate the duty of  
20 loyalty, if not manifestly unreasonable.

21 (2) All of the partners or a number or percentage  
22 specified in the partnership agreement may authorize or  
23 ratify, after full disclosure of all material facts, a  
24 specific act or transaction that otherwise would violate the  
25 duty of loyalty.

26 d. Unreasonably reduce the duty of care under section  
27 486.404, subsection 3, or 486.603, subsection 2, paragraph  
28 "c".

29 e. Eliminate the obligation of good faith and fair dealing  
30 under section 486.404, subsection 4, but the partnership  
31 agreement may prescribe the standards by which the performance  
32 of the obligation is to be measured, if the standards are not  
33 manifestly unreasonable.

34 f. Vary the power to dissociate as a partner under section  
35 486.602, subsection 1, except to require the notice under

1 section 486.601, subsection 1, to be in writing.

2 g. Vary the right of a court to expel a partner in the  
3 events specified in section 486.601, subsection 5.

4 h. Vary the requirement to wind up the partnership  
5 business in cases specified in section 486.801, subsection 4,  
6 5, or 6.

7 i. Vary the law applicable to a limited liability  
8 partnership under section 486.106, subsection 2.

9 j. Restrict rights of third parties under this chapter.

10 Sec. 4. NEW SECTION. 486.104 SUPPLEMENTAL PRINCIPLES OF  
11 LAW.

12 1. Unless displaced by particular provisions of this  
13 chapter, the principles of law and equity supplement this  
14 chapter.

15 2. If an obligation to pay interest arises under this  
16 chapter and the rate is not specified, the rate is that  
17 specified in section 535.3.

18 Sec. 5. NEW SECTION. 486.105 EXECUTION, FILING, AND  
19 RECORDING OF STATEMENTS.

20 1. A statement may be filed in the office of the secretary  
21 of state. A certified copy of a statement that is filed in an  
22 office in another state may be filed in the office of the  
23 secretary of state. Either filing has the effect provided in  
24 this chapter with respect to partnership property located in  
25 or transactions that occur in this state.

26 2. A certified copy of a statement that has been filed in  
27 the office of the secretary of state and recorded in the  
28 office for recording transfers of real property has the effect  
29 provided for recorded statements in this chapter. A recorded  
30 statement that is not a certified copy of a statement filed in  
31 the office of the secretary of state does not have the effect  
32 provided for recorded statements in this chapter.

33 3. A statement filed by a partnership must be executed by  
34 at least two partners. Other statements must be executed by a  
35 partner or other person authorized by this chapter. An

1 individual who executes a statement as, or on behalf of, a  
2 partner or other person named as a partner in a statement  
3 shall personally declare under penalty of perjury that the  
4 contents of the statement are accurate.

5 4. A person authorized by this chapter to file a statement  
6 may amend or cancel the statement by filing an amendment or  
7 cancellation that names the partnership, identifies the  
8 statement, and states the substance of the amendment or  
9 cancellation.

10 5. A person who files a statement pursuant to this section  
11 shall promptly send a copy of the statement to every nonfiling  
12 partner and to any other person named as a partner in the  
13 statement. Failure to send a copy of a statement to a partner  
14 or other person does not limit the effectiveness of the  
15 statement as to a person not a partner.

16 6. The secretary of state may collect a fee for filing or  
17 providing a certified copy of a statement. The county  
18 recorder may collect a fee for recording a statement.

19 Sec. 6. NEW SECTION. 486.106 GOVERNING LAW.

20 1. Except as otherwise provided in subsection 2, the law  
21 of the jurisdiction in which a partnership has its chief  
22 executive office governs relations among the partners and  
23 between the partners and the partnership.

24 2. The law of this state governs relations among the  
25 partners and the partnership and the liability of partners for  
26 an obligation of a limited liability partnership.

27 Sec. 7. NEW SECTION. 486.107 PARTNERSHIP SUBJECT TO  
28 AMENDMENT OR REPEAL OF CHAPTER.

29 A partnership governed by this chapter is subject to any  
30 amendment to or repeal of this chapter.

31 ARTICLE 2

32 NATURE OF PARTNERSHIP

33 Sec. 8. NEW SECTION. 486.201 PARTNERSHIP AS ENTITY.

34 1. A partnership is an entity distinct from its partners.

35 2. A limited liability partnership continues to be the



1 same entity that existed before the filing of a statement of  
2 qualification under section 486.1001.

3 Sec. 9. NEW SECTION. 486.202 FORMATION OF PARTNERSHIP.

4 1. Except as otherwise provided in subsection 2, the  
5 association of two or more persons to carry on as co-owners a  
6 business for profit forms a partnership, whether or not the  
7 persons intend to form a partnership.

8 2. An association formed under a statute other than this  
9 chapter, a predecessor statute, or a comparable statute of  
10 another jurisdiction is not a partnership under this chapter.

11 3. In determining whether a partnership is formed, the  
12 following rules apply:

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

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

21 c. A person who receives a share of the profits of a  
22 business is presumed to be a partner in the business, unless  
23 the profits were received in payment of or for any of the  
24 following:

25 (1) Of a debt by installments or otherwise.

26 (2) For services as an independent contractor or of wages  
27 or other compensation to an employee.

28 (3) Of rent.

29 (4) Of an annuity or other retirement or health benefit to  
30 a beneficiary, representative, or designee of a deceased or  
31 retired partner.

32 (5) Of interest or other charge on a loan, even if the  
33 amount of payment varies with the profits of the business,  
34 including a direct or indirect present or future ownership of  
35 the collateral, or rights to income, proceeds, or increase in

1 value derived from the collateral.

2 (6) For the sale of the goodwill of a business or other  
3 property by installments or otherwise.

4 Sec. 10. NEW SECTION. 486.203 PARTNERSHIP PROPERTY.

5 Property acquired by a partnership is property of the  
6 partnership and not of the partners individually.

7 Sec. 11. NEW SECTION. 486.204 WHEN PROPERTY IS  
8 PARTNERSHIP PROPERTY.

9 1. Property is partnership property if acquired in the  
10 name of any of the following:

11 a. The partnership.

12 b. One or more partners with an indication in the  
13 instrument transferring title to the property of the person's  
14 capacity as a partner or of the existence of a partnership but  
15 without an indication of the name of the partnership.

16 2. Property is acquired in the name of the partnership by  
17 a transfer to any of the following:

18 a. The partnership in its name.

19 b. One or more partners in their capacity as partners in  
20 the partnership, if the name of the partnership is indicated  
21 in the instrument transferring title to the property.

22 3. Property is presumed to be partnership property if  
23 purchased with partnership assets, even if not acquired in the  
24 name of the partnership or of one or more partners with an  
25 indication in the instrument transferring title to the  
26 property of the person's capacity as a partner or of the  
27 existence of a partnership.

28 4. Property acquired in the name of one or more of the  
29 partners, without an indication in the instrument transferring  
30 title to the property of the person's capacity as a partner or  
31 of the existence of a partnership and without use of  
32 partnership assets, is presumed to be separate property, even  
33 if used for partnership purposes.

34 ARTICLE 3  
35 RELATIONS OF PARTNERS TO



1 persons other than the partnership, without an indication in  
2 the instrument transferring the property to the partners of  
3 their capacity as partners or of the existence of a  
4 partnership, may be transferred by an instrument of transfer  
5 executed by the persons in whose name the property is held.

6 2. A partnership may recover partnership property from a  
7 transferee only if it proves that execution of the instrument  
8 of initial transfer did not bind the partnership under section  
9 486.301 and if one of the following applies:

10 a. As to a subsequent transferee who gave value for  
11 property transferred under subsection 1, paragraphs "a" and  
12 "b", proves that the subsequent transferee knew or had  
13 received a notification that the person who executed the  
14 instrument of initial transfer lacked authority to bind the  
15 partnership.

16 b. As to a transferee who gave value for property  
17 transferred under subsection 1, paragraph "c", proves that the  
18 transferee knew or had received a notification that the  
19 property was partnership property and that the person who  
20 executed the instrument of initial transfer lacked authority  
21 to bind the partnership.

22 3. A partnership shall not recover partnership property  
23 from a subsequent transferee if the partnership would not have  
24 been entitled to recover the property, under subsection 2,  
25 from any earlier transferee of the property.

26 4. If a person holds all of the partners' interests in the  
27 partnership, all of the partnership property vests in that  
28 person. The person may execute a document in the name of the  
29 partnership to evidence vesting of the property in that person  
30 and may file or record the document.

31 Sec. 14. NEW SECTION. 486.303 STATEMENT OF PARTNERSHIP  
32 AUTHORITY.

33 1. A partnership may file a statement of partnership  
34 authority as provided in this subsection.

35 a. The statement of partnership authority must include all

1 of the following:

2 (1) The name of the partnership.

3 (2) The street address of its chief executive office and  
4 of one office in this state, if there is one.

5 (3) The names and mailing addresses of all of the partners  
6 or of an agent appointed and maintained by the partnership for  
7 the purpose of subsection 2.

8 (4) The names of the partners authorized to execute an  
9 instrument transferring real property held in the name of the  
10 partnership.

11 b. The statement of partnership authority may state the  
12 authority, or limitations on the authority, of some or all of  
13 the partners to enter into other transactions on behalf of the  
14 partnership and any other matter.

15 2. If a statement of partnership authority names an agent,  
16 the agent shall maintain a list of the names and mailing  
17 addresses of all of the partners and make it available to any  
18 person on request for good cause shown.

19 3. If a filed statement of partnership authority is  
20 executed pursuant to section 486.105, subsection 3, and states  
21 the name of the partnership but does not contain all of the  
22 other information required by subsection 1, the statement  
23 nevertheless operates with respect to a person not a partner  
24 as provided in subsections 4 and 5.

25 4. Except as otherwise provided in subsection 7, a filed  
26 statement of partnership authority supplements the authority  
27 of a partner to enter into transactions on behalf of the  
28 partnership as follows:

29 a. Except for transfers of real property, a grant of  
30 authority contained in a filed statement of partnership  
31 authority is conclusive in favor of a person who gives value  
32 without knowledge to the contrary, so long as and to the  
33 extent that a limitation on that authority is not then  
34 contained in another filed statement. A filed cancellation of  
35 a limitation on authority revives the previous grant of

1 authority.

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

14 5. A person not a partner is deemed to know of a  
15 limitation on the authority of a partner to transfer real  
16 property held in the name of the partnership if a certified  
17 copy of the filed statement containing the limitation on  
18 authority is of record in the office for recording transfers  
19 of that real property.

20 6. Except as otherwise provided in subsections 4 and 5 and  
21 sections 486.704 and 486.805, a person not a partner is not  
22 deemed to know of a limitation on the authority of a partner  
23 merely because the limitation is contained in a filed  
24 statement.

25 7. Unless earlier canceled, a filed statement of  
26 partnership authority is canceled by operation of law five  
27 years after the date on which the statement, or the most  
28 recent amendment, was filed with the secretary of state.

29 Sec. 15. NEW SECTION. 486.304 STATEMENT OF DENIAL.

30 A partner or other person named as a partner in a filed  
31 statement of partnership authority or in a list maintained by  
32 an agent pursuant to section 486.303, subsection 2, may file a  
33 statement of denial stating the name of the partnership and  
34 the fact that is being denied, which may include denial of a  
35 person's authority or status as a partner. A statement of

1 denial is a limitation on authority as provided in section  
2 486.303, subsections 4 and 5.

3 Sec. 16. NEW SECTION. 486.305 PARTNERSHIP LIABLE FOR  
4 PARTNER'S ACTIONABLE CONDUCT.

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

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

16 Sec. 17. NEW SECTION. 486.306 PARTNER'S LIABILITY.

17 1. Except as otherwise provided in subsections 2 and 3,  
18 all partners are liable jointly and severally for all  
19 obligations of the partnership unless otherwise agreed by the  
20 claimant or provided by law.

21 2. A person admitted as a partner into an existing  
22 partnership is not personally liable for any partnership  
23 obligation incurred before the person's admission as a  
24 partner.

25 3. An obligation of a partnership incurred while the  
26 partnership is a limited liability partnership, whether  
27 arising in contract, tort, or otherwise, is solely the  
28 obligation of the partnership. A partner is not personally  
29 liable, directly or indirectly, by way of contribution or  
30 otherwise, for such an obligation solely by reason of being or  
31 so acting as a partner. This subsection applies  
32 notwithstanding anything inconsistent in the partnership  
33 agreement that existed immediately before the vote required to  
34 become a limited liability partnership under section 486.1001,  
35 subsection 2.

1     Sec. 18. NEW SECTION. 486.307 ACTIONS BY AND AGAINST  
2 PARTNERSHIP AND PARTNERS.

3     1. A partnership may sue and be sued in the name of the  
4 partnership.

5     2. An action may be brought against the partnership and,  
6 to the extent not inconsistent with section 486.306, any or  
7 all of the partners in the same action or in separate actions.

8     3. A judgment against a partnership is not by itself a  
9 judgment against a partner. A judgment against a partnership  
10 shall not be satisfied from a partner's assets unless there is  
11 also a judgment against the partner.

12    4. A judgment creditor of a partner shall not levy  
13 execution against the assets of the partner to satisfy a  
14 judgment based on a claim against the partnership unless the  
15 partner is personally liable for the claim under section  
16 486.306 and one or more of the following apply:

17    a. A judgment based on the same claim has been obtained  
18 against the partnership and a writ of execution on the  
19 judgment has been returned unsatisfied in whole or in part.

20    b. The partnership is a debtor in bankruptcy.

21    c. The partner has agreed that the creditor need not  
22 exhaust partnership assets.

23    d. A court grants permission to the judgment creditor to  
24 levy execution against the assets of a partner based on a  
25 finding that partnership assets subject to execution are  
26 clearly insufficient to satisfy the judgment, that exhaustion  
27 of partnership assets is excessively burdensome, or that the  
28 grant of permission is an appropriate exercise of the court's  
29 equitable powers.

30    e. Liability is imposed on the partner by law or contract  
31 independent of the existence of the partnership.

32    5. This section applies to any partnership liability or  
33 obligation resulting from a representation by a partner or  
34 purported partner under section 486.308.

35    Sec. 19. NEW SECTION. 486.308 LIABILITY OF PURPORTED



1 PARTNER.

2 1. If a person, by words or conduct, purports to be a  
3 partner, or consents to being represented by another as a  
4 partner, in a partnership or with one or more persons not  
5 partners, the purported partner is liable to a person to whom  
6 the representation is made, if that person, relying on the  
7 representation, enters into a transaction with the actual or  
8 purported partnership. If the representation, either by the  
9 purported partner or by a person with the purported partner's  
10 consent, is made in a public manner, the purported partner is  
11 liable to a person who relies upon the purported partnership  
12 even if the purported partner is not aware of being held out  
13 as a partner to the claimant. If partnership liability  
14 results, the purported partner is liable with respect to that  
15 liability as if the purported partner were a partner. If no  
16 partnership liability results, the purported partner is liable  
17 with respect to that liability jointly and severally with any  
18 other person consenting to the representation.

19 2. If a person is thus represented to be a partner in an  
20 existing partnership, or with one or more persons not  
21 partners, the purported partner is an agent of persons  
22 consenting to the representation to bind the persons to the  
23 same extent and in the same manner as if the purported partner  
24 were a partner, with respect to persons who enter into  
25 transactions in reliance upon the representation. If all of  
26 the partners of the existing partnership consent to the  
27 representation, a partnership act or obligation results. If  
28 fewer than all of the partners of the existing partnership  
29 consent to the representation, the person acting and the  
30 partners consenting to the representation are jointly and  
31 severally liable.

32 3. A person is not liable as a partner merely because the  
33 person is named by another in a statement of partnership  
34 authority.

35 4. A person does not continue to be liable as a partner

1 merely because of a failure to file a statement of  
 2 dissociation or to amend a statement of partnership authority  
 3 to indicate the partner's dissociation from the partnership.  
 4 5. Except as otherwise provided in subsections 1 and 2,  
 5 persons who are not partners as to each other are not liable  
 6 as partners to other persons.

7 ARTICLE 4

8 RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

9 Sec. 20. NEW SECTION. 486.401 PARTNER'S RIGHTS AND

10 DUTIES.

11 1. Each partner is deemed to have an account subject to  
 12 the following:

13 a. The account is credited with an amount equal to the  
 14 money plus the value of any other property, net of the amount  
 15 of any liabilities, the partner contributes to the partnership  
 16 and the partner's share of the partnership profits.

17 b. The account is charged with an amount equal to the  
 18 money plus the value of any other property, net of the amount  
 19 of any liabilities, distributed by the partnership to the  
 20 partner and the partner's share of the partnership losses.

21 2. Each partner is entitled to an equal share of the  
 22 partnership profits and is chargeable with a share of the  
 23 partnership losses in proportion to the partner's share of the  
 24 profits.

25 3. A partnership shall reimburse a partner for payments  
 26 made and indemnify a partner for liabilities incurred by the  
 27 partner in the ordinary course of the business of the  
 28 partnership or for the preservation of its business or  
 29 property.

30 4. A partnership shall reimburse a partner for an advance  
 31 to the partnership beyond the amount of capital the partner  
 32 agreed to contribute.

33 5. A payment or advance made by a partner which gives rise  
 34 to a partnership obligation under subsection 3 or 4  
 35 constitutes a loan to the partnership which accrues interest

1 from the date of the payment or advance.

2 6. Each partner has equal rights in the management and  
3 conduct of the partnership business.

4 7. A partner may use or possess partnership property only  
5 on behalf of the partnership.

6 8. A partner is not entitled to remuneration for services  
7 performed for the partnership, except for reasonable  
8 compensation for services rendered in winding up the business  
9 of the partnership.

10 9. A person may become a partner only with the consent of  
11 all of the partners.

12 10. A difference arising as to a matter in the ordinary  
13 course of business of a partnership may be decided by a  
14 majority of the partners. An act outside the ordinary course  
15 of business of a partnership and an amendment to the  
16 partnership agreement may be undertaken only with the consent  
17 of all of the partners.

18 11. This section does not affect the obligations of a  
19 partnership to other persons under section 486.301.

20 Sec. 21. NEW SECTION. 486.402 DISTRIBUTIONS IN KIND.

21 A partner has no right to receive, and shall not be  
22 required to accept, a distribution in kind.

23 Sec. 22. NEW SECTION. 486.403 PARTNER'S RIGHTS AND  
24 DUTIES WITH RESPECT TO INFORMATION.

25 1. A partnership shall keep its books and records, if any,  
26 at its chief executive office.

27 2. A partnership shall provide partners and their agents  
28 and attorneys access to its books and records. It shall  
29 provide former partners and their agents and attorneys access  
30 to books and records pertaining to the period during which the  
31 former partners were partners. The right of access provides  
32 the opportunity to inspect and copy books and records during  
33 ordinary business hours. A partnership may impose a  
34 reasonable charge, covering the costs of labor and material,  
35 for copies of documents furnished.

1 3. Each partner and the partnership shall furnish to a  
2 partner, and to the legal representative of a deceased partner  
3 or partner under legal disability all of the following:

4 a. Without demand, any information concerning the  
5 partnership's business and affairs reasonably required for the  
6 proper exercise of the partner's rights and duties under the  
7 partnership agreement or this chapter.

8 b. On demand, any other information concerning the  
9 partnership's business and affairs, except to the extent the  
10 demand or the information demanded is unreasonable or  
11 otherwise improper under the circumstances.

12 Sec. 23. NEW SECTION. 486.404 GENERAL STANDARDS OF  
13 PARTNER'S CONDUCT.

14 1. The only fiduciary duties a partner owes to the  
15 partnership and the other partners are the duty of loyalty and  
16 the duty of care set forth in subsections 2 and 3.

17 2. A partner's duty of loyalty to the partnership and the  
18 other partners is limited to the following:

19 a. To account to the partnership and hold as trustee for  
20 the partnership any property, profit, or benefit derived by  
21 the partner in the conduct and winding up of the partnership  
22 business or derived from a use by the partner of partnership  
23 property, including the appropriation of a partnership  
24 opportunity.

25 b. To refrain from dealing with the partnership in the  
26 conduct or winding up of the partnership business as or on  
27 behalf of a party having an interest adverse to the  
28 partnership.

29 c. To refrain from competing with the partnership in the  
30 conduct of the partnership business before the dissolution of  
31 the partnership.

32 3. A partner's duty of care to the partnership and the  
33 other partners in the conduct and winding up of the  
34 partnership business is limited to refraining from engaging in  
35 grossly negligent or reckless conduct, intentional misconduct,

1 or a knowing violation of law.

2 4. A partner shall discharge the duties to the partnership  
3 and the other partners under this chapter or under the  
4 partnership agreement and exercise any rights consistently  
5 with the obligation of good faith and fair dealing.

6 5. A partner does not violate a duty or obligation under  
7 this chapter or under the partnership agreement merely because  
8 the partner's conduct furthers the partner's own interest.

9 6. A partner may lend money to and transact other business  
10 with the partnership, and as to each loan or transaction the  
11 rights and obligations of the partner are the same as those of  
12 a person who is not a partner, subject to other applicable  
13 law.

14 7. This section applies to a person winding up the  
15 partnership business as the personal or legal representative  
16 of the last surviving partner as if the person were a partner.

17 Sec. 24. NEW SECTION. 486.405 ACTIONS BY PARTNERSHIP AND  
18 PARTNERS.

19 1. A partnership may maintain an action against a partner  
20 for a breach of the partnership agreement, or for the  
21 violation of a duty to the partnership, causing harm to the  
22 partnership.

23 2. A partner may maintain an action against the  
24 partnership or another partner for legal or equitable relief,  
25 with or without an accounting as to partnership business, to  
26 do any of the following:

27 a. Enforce the partner's rights under the partnership  
28 agreement.

29 b. Enforce the partner's rights under this chapter,  
30 including any or all of the following:

31 (1) The partner's rights under section 486.401, 486.403,  
32 or 486.404.

33 (2) The partner's right on dissociation to have the  
34 partner's interest in the partnership purchased pursuant to  
35 section 486.701 or enforce any other right under article 6 or

1 7.

2 (3) The partner's right to compel a dissolution and  
3 winding up of the partnership business under section 486.801  
4 or enforce any other right under article 8.

5 c. Enforce the rights and otherwise protect the interests  
6 of the partner, including rights and interests arising  
7 independently of the partnership relationship.

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

12 Sec. 25. NEW SECTION. 486.406 CONTINUATION OF  
13 PARTNERSHIP BEYOND DEFINITE TERM OR PARTICULAR UNDERTAKING.

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

20 2. If the partners, or those of them who habitually acted  
21 in the business during the term or undertaking, continue the  
22 business without any settlement or liquidation of the  
23 partnership, they are presumed to have agreed that the  
24 partnership will continue.

25 ARTICLE 5

26 TRANSFEREES AND CREDITORS OF PARTNER

27 Sec. 26. NEW SECTION. 486.501 PARTNER NOT CO-OWNER OF  
28 PARTNERSHIP PROPERTY.

29 A partner is not a co-owner of partnership property and has  
30 no interest in partnership property which can be transferred,  
31 either voluntarily or involuntarily.

32 Sec. 27. NEW SECTION. 486.502 PARTNER'S TRANSFERABLE  
33 INTEREST IN PARTNERSHIP.

34 The only transferable interest of a partner in the  
35 partnership is the partner's share of the profits and losses

1 of the partnership and the partner's right to receive  
2 distributions. The interest is personal property.

3 Sec. 28. NEW SECTION. 486.503 TRANSFER OF PARTNER'S  
4 TRANSFERABLE INTEREST.

5 1. A transfer, in whole or in part, of a partner's  
6 transferable interest in the partnership is or does all of the  
7 following:

8 a. Is permissible.

9 b. Does not by itself cause the partner's dissociation or  
10 a dissolution and winding up of the partnership business.

11 c. Does not, as against the other partners or the  
12 partnership, entitle the transferee, during the continuance of  
13 the partnership, to participate in the management or conduct  
14 of the partnership business, to require access to information  
15 concerning partnership transactions, or to inspect or copy the  
16 partnership books or records.

17 2. A transferee of a partner's transferable interest in  
18 the partnership has a right to all of the following:

19 a. To receive, in accordance with the transfer,  
20 distributions to which the transferor would otherwise be  
21 entitled.

22 b. To receive upon the dissolution and winding up of the  
23 partnership business, in accordance with the transfer, the net  
24 amount otherwise distributable to the transferor.

25 c. To seek under section 486.801, subsection 6, a judicial  
26 determination that it is equitable to wind up the partnership  
27 business.

28 3. In a dissolution and winding up, a transferee is  
29 entitled to an account of partnership transactions only from  
30 the date of the latest account agreed to by all of the  
31 partners.

32 4. Upon transfer, the transferor retains the rights and  
33 duties of a partner other than the interest in distributions  
34 transferred.

35 5. A partnership need not give effect to a transferee's

1 rights under this section until it has notice of the transfer.

2 6. A transfer of a partner's transferable interest in the  
3 partnership in violation of a restriction on transfer  
4 contained in the partnership agreement is ineffective as to a  
5 person having notice of the restriction at the time of  
6 transfer.

7 Sec. 29. NEW SECTION. 486.504 PARTNER'S TRANSFERABLE  
8 INTEREST SUBJECT TO CHARGING ORDER.

9 1. On application by a judgment creditor of a partner or  
10 of a partner's transferee, a court having jurisdiction may  
11 charge the transferable interest of the judgment debtor to  
12 satisfy the judgment. The court may appoint a receiver of the  
13 share of the distributions due or to become due to the  
14 judgment debtor in respect of the partnership and make all  
15 other orders, directions, accounts, and inquiries the judgment  
16 debtor might have made or which the circumstances of the case  
17 may require.

18 2. A charging order constitutes a lien on the judgment  
19 debtor's transferable interest in the partnership. The court  
20 may order a foreclosure of the interest subject to the  
21 charging order at any time. The purchaser at the foreclosure  
22 sale has the rights of a transferee.

23 3. At any time before foreclosure, an interest charged may  
24 be redeemed by or with any of the following:

25 a. By the judgment debtor.

26 b. With property other than partnership property, by one  
27 or more of the other partners.

28 c. With partnership property, by one or more of the other  
29 partners with the consent of all of the partners whose  
30 interests are not so charged.

31 4. This chapter does not deprive a partner of a right  
32 under exemption laws with respect to the partner's interest in  
33 the partnership.

34 5. This section provides the exclusive remedy by which a  
35 judgment creditor of a partner or partner's transferee may



1 satisfy a judgment out of the judgment debtor's transferable  
2 interest in the partnership.

3 ARTICLE 6

4 PARTNER'S DISSOCIATION

5 Sec. 30. NEW SECTION. 486.601 EVENTS CAUSING PARTNER'S  
6 DISSOCIATION.

7 A partner is dissociated from a partnership upon the  
8 occurrence of any of the following events:

9 1. The partnership's having notice of the partner's  
10 express will to withdraw as a partner or on a later date  
11 specified by the partner.

12 2. An event agreed to in the partnership agreement as  
13 causing the partner's dissociation.

14 3. The partner's expulsion pursuant to the partnership  
15 agreement.

16 4. The partner's expulsion by the unanimous vote of the  
17 other partners if any of the following apply:

18 a. It is unlawful to carry on the partnership business  
19 with that partner.

20 b. There has been a transfer of all or substantially all  
21 of that partner's transferable interest in the partnership,  
22 other than a transfer for security purposes, or a court order  
23 charging the partner's interest, which has not been  
24 foreclosed.

25 c. Within ninety days after the partnership notifies a  
26 corporate partner that it will be expelled because it has  
27 filed a certificate of dissolution or the equivalent, its  
28 charter has been revoked, or its right to conduct business has  
29 been suspended by the jurisdiction of its incorporation, there  
30 is no revocation of the certificate of dissolution or no  
31 reinstatement of its charter or its right to conduct business.

32 d. A partnership that is a partner has been dissolved and  
33 its business is being wound up.

34 5. On application by the partnership or another partner,  
35 the partner's expulsion by judicial determination because of

1 any of the following:

2 a. The partner engaged in wrongful conduct that adversely  
3 and materially affected the partnership business.

4 b. The partner willfully or persistently committed a  
5 material breach of the partnership agreement or of a duty owed  
6 to the partnership or the other partners under section  
7 486.404.

8 c. The partner engaged in conduct relating to the  
9 partnership business which makes it not reasonably practicable  
10 to carry on the business in partnership with the partner.

11 6. The partner's actions constituting any of the  
12 following:

13 a. Becoming a debtor in bankruptcy.

14 b. Executing an assignment for the benefit of creditors.

15 c. Seeking, consenting to, or acquiescing in the  
16 appointment of a trustee, receiver, or liquidator of that  
17 partner or of all or substantially all of that partner's  
18 property.

19 d. Failing, within ninety days after the appointment, to  
20 have vacated or stayed the appointment of a trustee, receiver,  
21 or liquidator of the partner or of all or substantially all of  
22 the partner's property obtained without the partner's consent  
23 or acquiescence, or failing within ninety days after the  
24 expiration of a stay to have the appointment vacated.

25 7. In the case of a partner who is an individual any of  
26 the following:

27 a. The partner's death.

28 b. The appointment of a guardian or general conservator  
29 for the partner.

30 c. A judicial determination that the partner has otherwise  
31 become incapable of performing the partner's duties under the  
32 partnership agreement.

33 8. In the case of a partner that is a trust or is acting  
34 as a partner by virtue of being a trustee of a trust,  
35 distribution of the trust's entire transferable interest in

1 the partnership, but not merely by reason of the substitution  
2 of a successor trustee.

3 9. In the case of a partner that is an estate or is acting  
4 as a partner by virtue of being a personal representative of  
5 an estate, distribution of the estate's entire transferable  
6 interest in the partnership, but not merely by reason of the  
7 substitution of a successor personal representative.

8 10. Termination of a partner who is not an individual,  
9 partnership, corporation, trust, or estate.

10 Sec. 31. NEW SECTION. 486.602 PARTNER'S POWER TO  
11 DISSOCIATE -- WRONGFUL DISSOCIATION.

12 1. A partner has the power to dissociate at any time,  
13 rightfully or wrongfully, by express will pursuant to section  
14 486.601, subsection 1.

15 2. A partner's dissociation is wrongful only if any of the  
16 following applies:

17 a. It is in breach of an express provision of the  
18 partnership agreement.

19 b. In the case of a partnership for a definite term or  
20 particular undertaking, before the expiration of the term or  
21 the completion of the undertaking if any of the following  
22 occur:

23 (1) The partner withdraws by express will, unless the  
24 withdrawal follows within ninety days after another partner's  
25 dissociation by death or otherwise under section 486.601,  
26 subsections 6 through 10, or wrongful dissociation under this  
27 subsection.

28 (2) The partner is expelled by judicial determination  
29 under section 486.601, subsection 5.

30 (3) The partner is dissociated by becoming a debtor in  
31 bankruptcy.

32 (4) In the case of a partner who is not an individual,  
33 trust other than a business trust, or estate, the partner is  
34 expelled or otherwise dissociated because it willfully  
35 dissolved or terminated.

1 3. A partner who wrongfully dissociates is liable to the  
2 partnership and to the other partners for damages caused by  
3 the dissociation. The liability is in addition to any other  
4 obligation of the partner to the partnership or to the other  
5 partners.

6 Sec. 32. NEW SECTION. 486.603 EFFECT OF PARTNER'S  
7 DISSOCIATION.

8 1. If a partner's dissociation results in a dissolution  
9 and winding up of the partnership business, article 8 applies;  
10 otherwise, article 7 applies.

11 2. Upon a partner's dissociation all of the following  
12 apply:

13 a. The partner's right to participate in the management  
14 and conduct of the partnership business terminates, except as  
15 otherwise provided in section 486.803.

16 b. The partner's duty of loyalty under section 486.404,  
17 subsection 2, paragraph "c", terminates.

18 c. The partner's duty of loyalty under section 486.404,  
19 subsection 2, paragraphs "a" and "b", and duty of care under  
20 section 486.404, subsection 3, continue only with regard to  
21 matters arising and events occurring before the partner's  
22 dissociation, unless the partner participates in winding up  
23 the partnership's business pursuant to section 486.803.

24 ARTICLE 7

25 PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP

26 Sec. 33. NEW SECTION. 486.701 PURCHASE OF DISSOCIATED  
27 PARTNER'S INTEREST.

28 1. If a partner is dissociated from a partnership without  
29 resulting in a dissolution and winding up of the partnership  
30 business under section 486.801, the partnership shall cause  
31 the dissociated partner's interest in the partnership to be  
32 purchased for a buyout price determined pursuant to subsection  
33 2.

34 2. The buyout price of a dissociated partner's interest is  
35 the amount that would have been distributable to the

1 dissociating partner under section 486.807, subsection 2, if,  
2 on the date of dissociation, the assets of the partnership  
3 were sold at a price equal to the greater of the liquidation  
4 value or the value based on a sale of the entire business as a  
5 going concern without the dissociated partner and the  
6 partnership were wound up as of that date. Interest must be  
7 paid from the date of dissociation to the date of payment.

8 3. Damages for wrongful dissociation under section  
9 486.602, subsection 2, and all other amounts owing, whether or  
10 not presently due, from the dissociated partner to the  
11 partnership, must be offset against the buyout price.  
12 Interest must be paid from the date the amount owed becomes  
13 due to the date of payment.

14 4. A partnership shall indemnify a dissociated partner  
15 whose interest is being purchased against all partnership  
16 liabilities, whether incurred before or after the  
17 dissociation, except liabilities incurred by an act of the  
18 dissociated partner under section 486.702.

19 5. If no agreement for the purchase of a dissociated  
20 partner's interest is reached within one hundred twenty days  
21 after a written demand for payment, the partnership shall pay,  
22 or cause to be paid, in cash to the dissociated partner the  
23 amount the partnership estimates to be the buyout price and  
24 accrued interest, reduced by any offsets and accrued interest  
25 under subsection 3.

26 6. If a deferred payment is authorized under subsection 8,  
27 the partnership may tender a written offer to pay the amount  
28 the partnership estimates to be the buyout price and accrued  
29 interest, reduced by any offsets under subsection 3, stating  
30 the time of payment, the amount and type of security for  
31 payment, and the other terms and conditions of the obligation.

32 7. The payment or tender required by subsection 5 or 6  
33 must be accompanied by all of the following:

34 a. A statement of partnership assets and liabilities as of  
35 the date of dissociation.

1 b. The latest available partnership balance sheet and  
2 income statement, if any.

3 c. An explanation of how the estimated amount of the  
4 payment was calculated.

5 d. Written notice that the payment is in full satisfaction  
6 of the obligation to purchase unless, within one hundred  
7 twenty days after the written notice, the dissociated partner  
8 commences an action to determine the buyout price, any offsets  
9 under subsection 3, or other terms of the obligation to  
10 purchase.

11 8. A partner who wrongfully dissociates before the  
12 expiration of a definite term or the completion of a  
13 particular undertaking is not entitled to payment of any  
14 portion of the buyout price until the expiration of the term  
15 or completion of the undertaking, unless the partner  
16 establishes to the satisfaction of the court that earlier  
17 payment will not cause undue hardship to the business of the  
18 partnership. A deferred payment must be adequately secured  
19 and bear interest.

20 9. A dissociated partner may maintain an action against  
21 the partnership, pursuant to section 486.405, subsection 2,  
22 paragraph "b", subparagraph (2), to determine the buyout price  
23 of that partner's interest, any offsets under subsection 3, or  
24 other terms of the obligation to purchase. The action must be  
25 commenced within one hundred twenty days after the partnership  
26 has tendered payment or an offer to pay or within one year  
27 after written demand for payment if no payment or offer to pay  
28 is tendered. The court shall determine the buyout price of  
29 the dissociated partner's interest, any offset due under  
30 subsection 3, and accrued interest, and enter judgment for any  
31 additional payment or refund. If deferred payment is  
32 authorized under subsection 8, the court shall also determine  
33 the security for payment and other terms of the obligation to  
34 purchase. The court may assess reasonable attorney's fees and  
35 the fees and expenses of appraisers or other experts for a

1 party to the action, in amounts the court finds equitable,  
2 against a party that the court finds acted arbitrarily,  
3 vexatiously, or not in good faith. The finding may be based  
4 on the partnership's failure to tender payment or an offer to  
5 pay or to comply with subsection 7.

6 Sec. 34. NEW SECTION. 486.702 DISSOCIATED PARTNER'S  
7 POWER TO BIND AND LIABILITY TO PARTNERSHIP.

8 1. For two years after a partner dissociates without  
9 resulting in a dissolution and winding up of the partnership  
10 business, the partnership, including a surviving partnership  
11 under article 9, is bound by an act of the dissociated partner  
12 which would have bound the partnership under section 486.301  
13 before dissociation only if at the time of entering into the  
14 transaction all of the following apply:

15 a. The other party reasonably believed that the  
16 dissociated partner was then a partner.

17 b. The other party did not have notice of the partner's  
18 dissociation.

19 c. The other party is not deemed to have had knowledge  
20 under section 486.303, subsection 5, or notice under section  
21 486.704, subsection 3.

22 2. A dissociated partner is liable to the partnership for  
23 any damage caused to the partnership arising from an  
24 obligation incurred by the dissociated partner after  
25 dissociation for which the partnership is liable under  
26 subsection 1.

27 Sec. 35. NEW SECTION. 486.703 DISSOCIATED PARTNER'S  
28 LIABILITY TO OTHER PERSONS.

29 1. A partner's dissociation does not of itself discharge  
30 the partner's liability for a partnership obligation incurred  
31 before dissociation. A dissociated partner is not liable for  
32 a partnership obligation incurred after dissociation, except  
33 as otherwise provided in subsection 2.

34 2. A partner who dissociates without resulting in a  
35 dissolution and winding up of the partnership business is

1 liable as a partner to the other party in a transaction  
2 entered into by the partnership, or a surviving partnership  
3 under article 9, within two years after the partner's  
4 dissociation, only if the partner is liable for the obligation  
5 under section 486.306 and at the time of entering into the  
6 transaction all of the following apply:

7 a. The other party reasonably believed that the  
8 dissociated partner was then a partner.

9 b. The other party did not have notice of the partner's  
10 dissociation.

11 c. The other party is not deemed to have had knowledge  
12 under section 486.303, subsection 5, or notice under section  
13 486.704, subsection 3.

14 3. By agreement with the partnership creditor and the  
15 partners continuing the business, a dissociated partner may be  
16 released from liability for a partnership obligation.

17 4. A dissociated partner is released from liability for a  
18 partnership obligation if a partnership creditor, with notice  
19 of the partner's dissociation but without the partner's  
20 consent, agrees to a material alteration in the nature or time  
21 of payment of a partnership obligation.

22 Sec. 36. NEW SECTION. 486.704 STATEMENT OF DISSOCIATION.

23 1. A dissociated partner or the partnership may file a  
24 statement of dissociation stating the name of the partnership  
25 and that the partner is dissociated from the partnership.

26 2. A statement of dissociation is a limitation on the  
27 authority of a dissociated partner for the purposes of section  
28 486.303, subsections 4 and 5.

29 3. For the purposes of sections 486.702, subsection 1,  
30 paragraph "c", and 486.703, subsection 2, paragraph "c", a  
31 person not a partner is deemed to have notice of the  
32 dissociation ninety days after the statement of dissociation  
33 is filed.

34 Sec. 37. NEW SECTION. 486.705 CONTINUED USE OF  
35 PARTNERSHIP NAME.



1 Continued use of a partnership name, or a dissociated  
2 partner's name as part thereof, by partners continuing the  
3 business does not of itself make the dissociated partner  
4 liable for an obligation of the partners or the partnership  
5 continuing the business.

6 ARTICLE 8

7 WINDING UP PARTNERSHIP BUSINESS

8 Sec. 38. NEW SECTION. 486.801 EVENTS CAUSING DISSOLUTION  
9 AND WINDING UP OF PARTNERSHIP BUSINESS.

10 A partnership is dissolved, and its business must be wound  
11 up, only upon the occurrence of any of the following events:

12 1. In a partnership at will, the partnership's having  
13 notice from a partner, other than a partner who is dissociated  
14 under section 486.601, subsections 2 through 10, of that  
15 partner's express will to withdraw as a partner, or on a later  
16 date specified by the partner.

17 2. In a partnership for a definite term or particular  
18 undertaking if any of the following occur or are present:

19 a. The expiration of ninety days after a partner's  
20 dissociation by death or otherwise under section 486.601,  
21 subsections 6 through 10, or wrongful dissociation under  
22 section 486.602, subsection 2, unless before that time a  
23 majority in interest of the remaining partners, including  
24 partners who have rightfully dissociated pursuant to section  
25 486.602, subsection 2, paragraph "b", subparagraph (1), agree  
26 to continue the partnership.

27 b. The express will of all of the partners to wind up the  
28 partnership business.

29 c. The expiration of the term or the completion of the  
30 undertaking.

31 3. An event agreed to in the partnership agreement  
32 resulting in the winding up of the partnership business.

33 4. An event that makes it unlawful for all or  
34 substantially all of the business of the partnership to be  
35 continued, but a cure of illegality within ninety days after

1 notice to the partnership of the event is effective  
2 retroactively to the date of the event for purposes of this  
3 section.

4 5. On application by a partner, a judicial determination  
5 that concludes any of the following:

6 a. The economic purpose of the partnership is likely to be  
7 unreasonably frustrated.

8 b. Another partner has engaged in conduct relating to the  
9 partnership business which makes it not reasonably practicable  
10 to carry on the business in partnership with that partner.

11 c. It is not otherwise reasonably practicable to carry on  
12 the partnership business in conformity with the partnership  
13 agreement.

14 6. On application by a transferee of a partner's  
15 transferable interest, a judicial determination that it is  
16 equitable to wind up the partnership business at any of the  
17 following times:

18 a. After the expiration of the term or completion of the  
19 undertaking, if the partnership was for a definite term or  
20 particular undertaking at the time of the transfer or entry of  
21 the charging order that gave rise to the transfer.

22 b. At any time, if the partnership was a partnership at  
23 will at the time of the transfer or entry of the charging  
24 order that gave rise to the transfer.

25 Sec. 39. NEW SECTION. 486.802 PARTNERSHIP CONTINUES  
26 AFTER DISSOLUTION.

27 1. Subject to subsection 2, a partnership continues after  
28 dissolution only for the purpose of winding up its business.  
29 The partnership is terminated when the winding up of its  
30 business is completed.

31 2. At any time after the dissolution of a partnership and  
32 before the winding up of its business is completed, all of the  
33 partners, including any dissociating partner other than a  
34 wrongfully dissociating partner, may waive the right to have  
35 the partnership's business wound up and the partnership

1 terminated. In that event all of the following apply:

2 a. The partnership resumes carrying on its business as if  
3 dissolution had never occurred, and any liability incurred by  
4 the partnership or a partner after the dissolution and before  
5 the waiver is determined as if dissolution had never occurred.

6 b. The rights of a third party accruing under section  
7 486.804, subsection 1, or arising out of conduct in reliance  
8 on the dissolution before the third party knew or received a  
9 notification of the waiver shall not be adversely affected.

10 Sec. 40. NEW SECTION. 486.803 RIGHT TO WIND UP  
11 PARTNERSHIP BUSINESS.

12 1. After dissolution, a partner who has not wrongfully  
13 dissociated may participate in winding up the partnership's  
14 business, but on application of any partner, partner's legal  
15 representative, or transferee, the court, for good cause  
16 shown, may order judicial supervision of the winding up.

17 2. The legal representative of the last surviving partner  
18 may wind up a partnership's business.

19 3. A person winding up a partnership's business may  
20 preserve the partnership business or property as a going  
21 concern for a reasonable time, prosecute and defend actions  
22 and proceedings, whether civil, criminal, or administrative,  
23 settle and close the partnership's business, dispose of and  
24 transfer the partnership's property, discharge the  
25 partnership's liabilities, distribute the assets of the  
26 partnership pursuant to section 486.807, settle disputes by  
27 mediation or arbitration, and perform other necessary acts.

28 Sec. 41. NEW SECTION. 486.804 PARTNER'S POWER TO BIND  
29 PARTNERSHIP AFTER DISSOLUTION.

30 Subject to section 486.805, a partnership is bound by a  
31 partner's act after dissolution that meets any of the  
32 following criteria:

33 1. Is appropriate for winding up the partnership business.

34 2. Would have bound the partnership under section 486.301  
35 before dissolution, if the other party to the transaction did

1 not have notice of the dissolution.

2 Sec. 42. NEW SECTION. 486.805 STATEMENT OF DISSOLUTION.

3 1. After dissolution, a partner who has not wrongfully  
4 dissociated may file a statement of dissolution stating the  
5 name of the partnership and that the partnership has dissolved  
6 and is winding up its business.

7 2. A statement of dissolution cancels a filed statement of  
8 partnership authority for the purposes of section 486.303,  
9 subsection 4, and is a limitation on authority for the  
10 purposes of section 486.303, subsection 5.

11 3. For the purposes of sections 486.301 and 486.804, a  
12 person not a partner is deemed to have notice of the  
13 dissolution and the limitation on the partners' authority as a  
14 result of the statement of dissolution ninety days after it is  
15 filed.

16 4. After filing and, if appropriate, recording a statement  
17 of dissolution, a dissolved partnership may file and, if  
18 appropriate, record a statement of partnership authority which  
19 will operate with respect to a person not a partner as  
20 provided in section 486.303, subsections 4 and 5, in any  
21 transaction, whether or not the transaction is appropriate for  
22 winding up the partnership business.

23 Sec. 43. NEW SECTION. 486.806 PARTNER'S LIABILITY TO  
24 OTHER PARTNERS AFTER DISSOLUTION.

25 1. Except as otherwise provided in subsection 2 and  
26 section 486.306, after dissolution a partner is liable to the  
27 other partners for the partner's share of any partnership  
28 liability incurred under section 486.804.

29 2. A partner who, with knowledge of the dissolution,  
30 incurs a partnership liability under section 486.804,  
31 subsection 2, by an act that is not appropriate for winding up  
32 the partnership business is liable to the partnership for any  
33 damage caused to the partnership arising from the liability.

34 Sec. 44. NEW SECTION. 486.807 SETTLEMENT OF ACCOUNTS AND  
35 CONTRIBUTIONS AMONG PARTNERS.

1 1. In winding up a partnership's business, the assets of  
2 the partnership, including the contributions of the partners  
3 required by this section, must be applied to discharge its  
4 obligations to creditors, including, to the extent permitted  
5 by law, partners who are creditors. Any surplus must be  
6 applied to pay in cash the net amount distributable to  
7 partners in accordance with their right to distributions under  
8 subsection 2.

9 2. Each partner is entitled to a settlement of all  
10 partnership accounts upon winding up the partnership business.  
11 In settling accounts among the partners, profits and losses  
12 that result from the liquidation of the partnership assets  
13 must be credited and charged to the partners' accounts. The  
14 partnership shall make a distribution to a partner in an  
15 amount equal to any excess of the credits over the charges in  
16 the partner's account. A partner shall contribute to the  
17 partnership an amount equal to any excess of the charges over  
18 the credits in the partner's account, but excluding from the  
19 calculation charges attributable to an obligation for which  
20 the partner is not personally liable under section 486.306.

21 3. If a partner fails to contribute the full amount  
22 required under subsection 2, all of the other partners shall  
23 contribute, in the proportions in which those partners share  
24 partnership losses, the additional amount necessary to satisfy  
25 the partnership obligations for which they are personally  
26 liable under section 486.306. A partner or partner's legal  
27 representative may recover from the other partners any  
28 contributions the partner makes to the extent the amount  
29 contributed exceeds that partner's share of the partnership  
30 obligations for which the partner is personally liable under  
31 section 486.306.

32 4. After the settlement of accounts, each partner shall  
33 contribute, in the proportion in which the partner shares  
34 partnership losses, the amount necessary to satisfy  
35 partnership obligations that were not known at the time of the

1 settlement and for which the partner is personally liable  
2 under section 486.306.

3 5. The estate of a deceased partner is liable for the  
4 partner's obligation to contribute to the partnership.

5 6. An assignee for the benefit of creditors of a  
6 partnership or a partner, or a person appointed by a court to  
7 represent creditors of a partnership or a partner, may enforce  
8 a partner's obligation to contribute to the partnership.

9 ARTICLE 9

10 CONVERSIONS AND MERGERS

11 Sec. 45. NEW SECTION. 486.901 DEFINITIONS.

12 In this article:

13 1. "General partner" means a partner in a partnership and  
14 a general partner in a limited partnership.

15 2. "Limited partner" means a limited partner in a limited  
16 partnership.

17 3. "Limited partnership" means a limited partnership  
18 created under chapter 487, predecessor law, or comparable law  
19 of another jurisdiction.

20 4. "Partner" includes both a general partner and a limited  
21 partner.

22 Sec. 46. NEW SECTION. 486.902 CONVERSION OF PARTNERSHIP  
23 TO LIMITED PARTNERSHIP.

24 1. A partnership may be converted to a limited partnership  
25 pursuant to this section.

26 2. The terms and conditions of a conversion of a  
27 partnership to a limited partnership must be approved by all  
28 of the partners or by a number or percentage specified for  
29 conversion in the partnership agreement.

30 3. After the conversion is approved by the partners, the  
31 partnership shall file a certificate of limited partnership in  
32 the jurisdiction in which the limited partnership is to be  
33 formed. The certificate must include all of the following:

34 a. A statement that the partnership was converted to a  
35 limited partnership from a partnership.

1 b. Its former name.

2 c. A statement of the number of votes cast by the partners  
3 for and against the conversion and, if the vote is less than  
4 unanimous, the number or percentage required to approve the  
5 conversion under the partnership agreement.

6 4. The conversion takes effect when the certificate of  
7 limited partnership is filed or at any later date specified in  
8 the certificate.

9 5. A general partner who becomes a limited partner as a  
10 result of the conversion remains liable as a general partner  
11 for an obligation incurred by the partnership before the  
12 conversion takes effect. If the other party to a transaction  
13 with the limited partnership reasonably believes when entering  
14 the transaction that the limited partner is a general partner,  
15 the limited partner is liable for an obligation incurred by  
16 the limited partnership within ninety days after the  
17 conversion takes effect. The limited partner's liability for  
18 all other obligations of the limited partnership incurred  
19 after the conversion takes effect is that of a limited partner  
20 as provided in chapter 487.

21 Sec. 47. NEW SECTION. 486.903 CONVERSION OF LIMITED  
22 PARTNERSHIP TO PARTNERSHIP.

23 1. A limited partnership may be converted to a partnership  
24 pursuant to this section.

25 2. Notwithstanding a provision to the contrary in a  
26 limited partnership agreement, the terms and conditions of a  
27 conversion of a limited partnership to a partnership must be  
28 approved by all of the partners.

29 3. After the conversion is approved by the partners, the  
30 limited partnership shall cancel its certificate of limited  
31 partnership.

32 4. The conversion takes effect when the certificate of  
33 limited partnership is canceled.

34 5. A limited partner who becomes a general partner as a  
35 result of the conversion remains liable only as a limited

1 partner for an obligation incurred by the limited partnership  
2 before the conversion takes effect. Except as otherwise  
3 provided in section 486.306, the partner is liable as a  
4 general partner for an obligation of the partnership incurred  
5 after the conversion takes effect.

6 Sec. 48. NEW SECTION. 486.904 EFFECT OF CONVERSION --  
7 ENTITY UNCHANGED.

8 1. A partnership or limited partnership that has been  
9 converted pursuant to this article is for all purposes the  
10 same entity that existed before the conversion.

11 2. When a conversion takes effect all of the following  
12 apply:

13 a. All property owned by the converting partnership or  
14 limited partnership remains vested in the converted entity.

15 b. All obligations of the converting partnership or  
16 limited partnership continue as obligations of the converted  
17 entity.

18 c. An action or proceeding pending against the converting  
19 partnership or limited partnership may be continued as if the  
20 conversion had not occurred.

21 Sec. 49. NEW SECTION. 486.905 MERGER OF PARTNERSHIPS.

22 1. Pursuant to a plan of merger approved as provided in  
23 subsection 3, a partnership may be merged with one or more  
24 partnerships or limited partnerships.

25 2. The plan of merger must set forth all of the following:

26 a. The name of each partnership or limited partnership  
27 that is a party to the merger.

28 b. The name of the surviving entity into which the other  
29 partnerships or limited partnerships will merge.

30 c. Whether the surviving entity is a partnership or a  
31 limited partnership and the status of each partner.

32 d. The terms and conditions of the merger.

33 e. The manner and basis of converting the interests of  
34 each party to the merger into interests or obligations of the  
35 surviving entity, or into money or other property in whole or



1 part.

2 f. The street address of the surviving entity's chief  
3 executive office.

4 3. The plan of merger must be approved as follows:

5 a. In the case of a partnership that is a party to the  
6 merger, by all of the partners, or a number or percentage  
7 specified for merger in the partnership agreement.

8 b. In the case of a limited partnership that is a party to  
9 the merger, by the vote required for approval of a merger by  
10 the law of the state or foreign jurisdiction in which the  
11 limited partnership is organized and, in the absence of such a  
12 specifically applicable law, by all of the partners,  
13 notwithstanding a provision to the contrary in the partnership  
14 agreement.

15 4. After a plan of merger is approved and before the  
16 merger takes effect, the plan may be amended or abandoned as  
17 provided in the plan.

18 5. The merger takes effect on the later of any of the  
19 following:

20 a. The approval of the plan of merger by all parties to  
21 the merger, as provided in subsection 3.

22 b. The filing of all documents required by law to be filed  
23 as a condition to the effectiveness of the merger.

24 c. Any effective date specified in the plan of merger.

25 Sec. 50. NEW SECTION. 486.906 EFFECT OF MERGER.

26 1. When a merger takes effect all of the following apply:

27 a. The separate existence of every partnership or limited  
28 partnership that is a party to the merger, other than the  
29 surviving entity, ceases.

30 b. All property owned by each of the merged partnerships  
31 or limited partnerships vests in the surviving entity.

32 c. All obligations of every partnership or limited  
33 partnership that is a party to the merger become the  
34 obligations of the surviving entity.

35 d. An action or proceeding pending against a partnership

1 or limited partnership that is a party to the merger may be  
2 continued as if the merger had not occurred, or the surviving  
3 entity may be substituted as a party to the action or  
4 proceeding.

5 2. The secretary of state of this state is the agent for  
6 service of process in an action or proceeding against a  
7 surviving foreign partnership or limited partnership to  
8 enforce an obligation of a domestic partnership or limited  
9 partnership that is a party to a merger. The surviving entity  
10 shall promptly notify the secretary of state of the mailing  
11 address of its chief executive office and of any change of  
12 address. Upon receipt of process, the secretary of state  
13 shall mail a copy of the process to the surviving foreign  
14 partnership or limited partnership.

15 3. A partner of the surviving partnership or limited  
16 partnership is liable for all of the following:

17 a. All obligations of a party to the merger for which the  
18 partner was personally liable before the merger.

19 b. All other obligations of the surviving entity incurred  
20 before the merger by a party to the merger, but those  
21 obligations may be satisfied only out of property of the  
22 entity.

23 c. Except as otherwise provided in section 486.306, all  
24 obligations of the surviving entity incurred after the merger  
25 takes effect, but those obligations may be satisfied only out  
26 of property of the entity if the partner is a limited partner.

27 4. If the obligations incurred before the merger by a  
28 party to the merger are not satisfied out of the property of  
29 the surviving partnership or limited partnership, the general  
30 partners of that party immediately before the effective date  
31 of the merger shall contribute the amount necessary to satisfy  
32 that party's obligations to the surviving entity, in the  
33 manner provided in section 486.807 or in chapter 487 or under  
34 the law of the jurisdiction in which the party was formed, as  
35 the case may be, as if the merged party were dissolved.

1 5. A partner of a party to a merger who does not become a  
2 partner of the surviving partnership or limited partnership is  
3 dissociated from the entity, of which that partner was a  
4 partner, as of the date the merger takes effect. The  
5 surviving entity shall cause the partner's interest in the  
6 entity to be purchased under section 486.701 or another  
7 statute specifically applicable to that partner's interest  
8 with respect to a merger. The surviving entity is bound under  
9 section 486.702 by an act of a general partner dissociated  
10 under this subsection, and the partner is liable under section  
11 486.703 for transactions entered into by the surviving entity  
12 after the merger takes effect.

13 Sec. 51. NEW SECTION. 486.907 STATEMENT OF MERGER.

14 1. After a merger, the surviving partnership or limited  
15 partnership may file a statement that one or more partnerships  
16 or limited partnerships have merged into the surviving entity.

17 2. A statement of merger must contain all of the  
18 following:

19 a. The name of each partnership or limited partnership  
20 that is a party to the merger.

21 b. The name of the surviving entity into which the other  
22 partnerships or limited partnership were merged.

23 c. The street address of the surviving entity's chief  
24 executive office and of an office in this state, if any.

25 d. Whether the surviving entity is a partnership or a  
26 limited partnership.

27 3. Except as otherwise provided in subsection 4, for the  
28 purposes of section 486.302, property of the surviving  
29 partnership or limited partnership which before the merger was  
30 held in the name of another party to the merger is property  
31 held in the name of the surviving entity upon filing a  
32 statement of merger.

33 4. For the purposes of section 486.302, real property of  
34 the surviving partnership or limited partnership which before  
35 the merger was held in the name of another party to the merger

1 is property held in the name of the surviving entity upon  
2 recording a certified copy of the statement of merger in the  
3 office for recording transfers of that real property.

4 5. A filed and, if appropriate, recorded statement of  
5 merger, executed and declared to be accurate pursuant to  
6 section 486.105, subsection 3, stating the name of a  
7 partnership or limited partnership that is a party to the  
8 merger in whose name property was held before the merger and  
9 the name of the surviving entity, but not containing all of  
10 the other information required by subsection 2, operates with  
11 respect to the partnerships or limited partnerships named to  
12 the extent provided in subsections 3 and 4.

13 Sec. 52. NEW SECTION. 486.908 NONEXCLUSIVE.

14 This article is not exclusive. Partnerships or limited  
15 partnerships may be converted or merged in any other manner  
16 provided by law.

17 ARTICLE 10

18 LIMITED LIABILITY PARTNERSHIP

19 Sec. 53. NEW SECTION. 486.1001 STATEMENT OF  
20 QUALIFICATION.

21 1. A partnership may become a limited liability  
22 partnership pursuant to this section.

23 2. The terms and conditions on which a partnership becomes  
24 a limited liability partnership must be approved by the vote  
25 necessary to amend the partnership agreement except, in the  
26 case of a partnership agreement that expressly considers  
27 obligations to contribute to the partnership, by the vote  
28 necessary to amend those provisions.

29 3. After the approval required by subsection 2, a  
30 partnership may become a limited liability partnership by  
31 filing a statement of qualification. The statement must  
32 contain all of the following:

33 a. The name of the partnership.

34 b. The street address of the partnership's chief executive  
35 office and, if different, the street address of an office in

1 this state, if any.

2 c. If the partnership does not have an office in this  
3 state, the name and street address of the partnership's agent  
4 for service of process.

5 d. A statement that the partnership elects to be a limited  
6 liability partnership.

7 e. A deferred effective date, if any.

8 4. The agent of a limited liability partnership for  
9 service of process must be an individual who is a resident of  
10 this state or other person authorized to do business in this  
11 state.

12 5. The status of a partnership as a limited liability  
13 partnership is effective on the later of the filing of the  
14 statement or a date specified in the statement. The status  
15 remains effective, regardless of changes in the partnership,  
16 until it is canceled pursuant to section 486.105, subsection  
17 4, or revoked pursuant to section 486.1003.

18 6. The status of a partnership as a limited liability  
19 partnership and the liability of its partners is not affected  
20 by errors or later changes in the information required to be  
21 contained in the statement of qualification under subsection  
22 3.

23 7. The filing of a statement of qualification establishes  
24 that a partnership has satisfied all conditions precedent to  
25 the qualification of the partnership as a limited liability  
26 partnership.

27 8. An amendment or cancellation of a statement of  
28 qualification is effective when it is filed or on a deferred  
29 effective date specified in the amendment or cancellation.

30 Sec. 54. NEW SECTION. 486.1002 NAME.

31 The name of a limited liability partnership must end with  
32 "Registered Limited Liability Partnership", "Limited Liability  
33 Partnership", "R.L.L.P.", "L.L.P.", "RLLP", or "LLP".

34 Sec. 55. NEW SECTION. 486.1003 ANNUAL REPORT.

35 1. A limited liability partnership, and a foreign limited

1 liability partnership authorized to transact business in this  
2 state, shall file an annual report in the office of the  
3 secretary of state which contains all of the following:

4 a. The name of the limited liability partnership and the  
5 state or other jurisdiction under whose laws the foreign  
6 limited liability partnership is formed.

7 b. The street address of the partnership's chief executive  
8 office and, if different, the street address of an office of  
9 the partnership in this state, if any.

10 c. If the partnership does not have an office in this  
11 state, the name and street address of the partnership's  
12 current agent for service of process.

13 2. An annual report must be filed between January 1 and  
14 April 1 of each year following the calendar year in which a  
15 partnership files a statement of qualification or a foreign  
16 partnership becomes authorized to transact business in this  
17 state.

18 3. The secretary of state may revoke the statement of  
19 qualification of a partnership that fails to file an annual  
20 report when due or pay the required filing fee. To do so, the  
21 secretary of state shall provide the partnership at least  
22 sixty days' written notice of intent to revoke the statement.  
23 The notice must be mailed to the partnership at its chief  
24 executive office set forth in the last filed statement of  
25 qualification or annual report. The notice must specify the  
26 annual report that has not been filed, the fee that has not  
27 been paid, and the effective date of the revocation. The  
28 revocation is not effective if the annual report is filed and  
29 the fee is paid before the effective date of the revocation.

30 4. A revocation under subsection 3 only affects a  
31 partnership's status as a limited liability partnership and is  
32 not an event of dissolution of the partnership.

33 5. A partnership whose statement of qualification has been  
34 revoked may apply to the secretary of state for reinstatement  
35 within two years after the effective date of the revocation.

1 The application must state both of the following:

2 a. The name of the partnership and the effective date of  
3 the revocation.

4 b. That the ground for revocation either did not exist or  
5 has been corrected.

6 6. A reinstatement under subsection 5 relates back to and  
7 takes effect as of the effective date of the revocation, and  
8 the partnership's status as a limited liability partnership  
9 continues as if the revocation had never occurred.

10

ARTICLE 11

11

FOREIGN LIMITED LIABILITY PARTNERSHIP

12

Sec. 56. NEW SECTION. 486.1101 LAW GOVERNING FOREIGN

13

LIMITED LIABILITY PARTNERSHIP.

14

1. The law under which a foreign limited liability  
15 partnership is formed governs relations among the partners and  
16 between the partners and the partnership and the liability of  
17 partners for obligations of the partnership.

18

2. A foreign limited liability partnership may not be  
19 denied a statement of foreign qualification by reason of any  
20 difference between the law under which the partnership was  
21 formed and the law of this state.

22

3. A statement of foreign qualification does not authorize  
23 a foreign limited liability partnership to engage in any  
24 business or exercise any power that a partnership may not  
25 engage in or exercise in this state as a limited liability  
26 partnership.

27

Sec. 57. NEW SECTION. 486.1102 STATEMENT OF FOREIGN

28

QUALIFICATION.

29

1. Before transacting business in this state, a foreign  
30 limited liability partnership must file a statement of foreign  
31 qualification. The statement must contain all of the  
32 following:

33

a. The name of the foreign limited liability partnership  
34 which satisfies the requirements of the state or other  
35 jurisdiction under whose law it is formed and ends with

1 "Required Limited Liability Partnership", "Limited Liability  
2 Partnership", "R.L.L.P.", "L.L.P.", "RLLP", or "LLP".

3 b. The street address of the partnership's chief executive  
4 office and, if different, the street address of an office of  
5 the partnership in this state, if any.

6 c. If there is no office of the partnership in this state,  
7 the name and street address of the partnership's agent for  
8 service of process.

9 d. A deferred effective date, if any.

10 2. The agent of a foreign limited liability company for  
11 service of process must be an individual who is a resident of  
12 this state or other person authorized to do business in this  
13 state.

14 3. The status of a partnership as a foreign limited  
15 liability partnership is effective on the later of the filing  
16 of the statement of foreign qualification or a date specified  
17 in the statement. The status remains effective, regardless of  
18 changes in the partnership, until it is canceled pursuant to  
19 section 486.105, subsection 4, or revoked pursuant to section  
20 486.1003.

21 4. An amendment or cancellation of a statement of foreign  
22 qualification is effective when it is filed or on a deferred  
23 effective date specified in the amendment or cancellation.

24 Sec. 58. NEW SECTION. 486.1103 EFFECT OF FAILURE TO  
25 QUALIFY.

26 1. A foreign limited liability partnership transacting  
27 business in this state may not maintain an action or  
28 proceeding in this state unless it has in effect a statement  
29 of foreign qualification.

30 2. The failure of a foreign limited liability partnership  
31 to have in effect a statement of foreign qualification does  
32 not impair the validity of a contract or act of the foreign  
33 limited liability partnership or preclude it from defending an  
34 action or proceeding in this state.

35 3. A limitation on personal liability of a partner is not



1 waived solely by transacting business in this state without a  
2 statement of foreign qualification.

3 4. If a foreign limited liability partnership transacts  
4 business in this state without a statement of foreign  
5 qualification, the secretary of state is its agent for service  
6 of process with respect to a right of action arising out of  
7 the transaction of business in this state.

8 Sec. 59. NEW SECTION. 486.1104 ACTIVITIES NOT  
9 CONSTITUTING TRANSACTING BUSINESS.

10 1. Activities of a foreign limited liability partnership  
11 which do not constitute transacting business for the purpose  
12 of this article include all of the following:

13 a. Maintaining, defending, or settling an action or  
14 proceeding.

15 b. Holding meetings of its partners or carrying on any  
16 other activity concerning its internal affairs.

17 c. Maintaining bank accounts.

18 d. Maintaining offices or agencies for the transfer,  
19 exchange, and registration of the partnership's own securities  
20 or maintaining trustees or depositories with respect to those  
21 securities.

22 e. Selling through independent contracts.

23 f. Soliciting or obtaining orders, whether by mail or  
24 through employees or agents or otherwise, if the orders  
25 require acceptance outside this state before they become  
26 contracts.

27 g. Creating or acquiring indebtedness, with or without a  
28 mortgage, or other security interest in property.

29 h. Collecting debts or foreclosing mortgages or other  
30 security interests in property securing the debts, and  
31 holding, protecting, and maintaining property so acquired.

32 i. Conducting an isolated transaction that is completed  
33 within thirty days and is not one in the course of similar  
34 transactions.

35 j. Transacting business in interstate commerce.

1 2. For purposes of this article, the ownership in this  
2 state of income-producing real property or tangible personal  
3 property, other than property excluded under subsection 1,  
4 constitutes transacting business in this state.

5 3. This section does not apply in determining the  
6 contracts or activities that may subject a foreign limited  
7 liability partnership to service of process, taxation, or  
8 regulation under any other law of this state.

9 Sec. 60. NEW SECTION. 486.1105 ACTION BY ATTORNEY  
10 GENERAL.

11 The attorney general may maintain an action to restrain a  
12 foreign limited liability partnership from transacting  
13 business in this state in violation of this article.

14 ARTICLE 12

15 MISCELLANEOUS PROVISIONS

16 Sec. 61. NEW SECTION. 486.1201 UNIFORMITY OF APPLICATION  
17 AND CONSTRUCTION.

18 This chapter shall be applied and construed to effectuate  
19 its general purpose to make uniform the law with respect to  
20 the subject of this chapter among states enacting it.

21 Sec. 62. NEW SECTION. 486.1202 SHORT TITLE.

22 This chapter may be cited as the "Uniform Partnership Act".

23 Sec. 63. SEVERABILITY CLAUSE. If any provision of this  
24 chapter or its application to any person or circumstance is  
25 held invalid, the invalidity does not affect other provisions  
26 or applications of this chapter which can be given effect  
27 without the invalid provision or application, and to this end  
28 the provisions of this chapter are severable.

29 Sec. 64. SAVINGS CLAUSE. This Act does not affect an  
30 action or proceeding commenced or right accrued before this  
31 Act takes effect.

32 Sec. 65. REPEAL. Chapter 486, Code 1997, is repealed  
33 effective July 1, 1998.

34 Sec. 66. EFFECTIVE DATE. This Act takes effect July 1,  
35 1998.

1 EXPLANATION

2 This bill rewrites chapter 486 relating to partnerships in  
3 conformance with a draft prepared by the national conference  
4 of commissioners on uniform state laws.

5 Article 1 includes general provisions including  
6 definitions, the effect of a partnership agreement, the law  
7 governing internal relations, and other general provisions.

8 Article 2 relates to the nature of the partnership and  
9 includes provisions relating to the partnership as an entity,  
10 the formation of the partnership, partnership property, and  
11 when property is property of the partnership.

12 Article 3 relates to the relations of partners to persons  
13 dealing with the partnership and includes provisions relating  
14 to a partner as agent of the partnership, transfer of  
15 partnership property, statement of partnership authority,  
16 statement of denial, liability of a partnership for a  
17 partner's actionable conduct, liability of a partner, legal  
18 actions by and against the partnership and partners, and the  
19 liability of a purported partner.

20 Article 4 relates to the relations of the partners to each  
21 other and to the partnership and includes provisions relating  
22 to a partner's rights and duties, distributions in kind, the  
23 partner's rights and duties with respect to information,  
24 general standards of a partner's conduct, actions by the  
25 partnership and partners, and the continuation of the  
26 partnership beyond a definite term or particular undertaking.

27 Article 5 relates to transferees and creditors of a partner  
28 and includes provisions relating to partnership property and  
29 providing that a partner is not a co-owner of partnership  
30 property, a partner's transferable interest in a partnership,  
31 the transfer of a partner's transferable interest, and a  
32 partner's transferable interest being subject to a charging  
33 order.

34 Article 6 relates to a partner's dissociation with the  
35 partnership and includes provisions relating to events causing

1 a partner's dissociation, a partner's power to dissociate and  
2 wrongful dissociation, and the effect of a partner's  
3 dissociation.

4 Article 7 relates to a partner's dissociation with the  
5 partnership when the business of the partnership is not wound  
6 up, and includes provisions relating to the purchase of the  
7 dissociated partner's interest, the dissociated partner's  
8 power to bind the partnership, the dissociated partner's  
9 liability to other persons, the statement of dissociation, and  
10 the continued use of the partnership name by the partners  
11 continuing the business.

12 Article 8 relates to the winding up of the partnership  
13 business and includes provisions relating to events causing  
14 dissolution and winding up of the partnership business,  
15 continuation of the partnership after dissolution, the right  
16 to wind up partnership business, a partner's power to bind the  
17 partnership after dissolution, statement of dissolution, a  
18 partner's liability to the other partners after dissolution,  
19 and the settlement of accounts and contributions among the  
20 partners.

21 Article 9 relates to conversions and mergers involving a  
22 partnership and includes provisions relating to the conversion  
23 of a partnership to a limited partnership, the conversion of a  
24 limited partnership to a partnership, the effect of a  
25 conversion, the merger of partnerships, the effect of a  
26 merger, and the statement of merger.

27 Article 10 relates to a partnership becoming a limited  
28 liability partnership and includes provisions relating to the  
29 statement of qualification, the name of the limited liability  
30 partnership, and the annual report which must be filed by the  
31 limited liability partnership.

32 Article 11 relates to foreign limited liability  
33 partnerships and includes provisions relating to the law  
34 governing foreign limited liability partnerships, the  
35 statement of foreign qualification, the effect of failing to

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1 qualify, activities not constituting transacting business, and  
2 authorizing an action by the attorney general to restrain a  
3 foreign limited liability partnership from transacting  
4 business in violation of the article.

5 Article 12 includes miscellaneous provisions including the  
6 uniformity of application and construction provision and the  
7 short title of the Act.

8 The bill includes a severability clause provision, an  
9 effective date provision, a savings clause provision, and the  
10 repeal of existing chapter 486 effective July 1, 1998.

11 The bill takes effect July 1, 1998.

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SENATE FILE 2311

AN ACT

RELATING TO PARTNERSHIPS BY REPLACING THE EXISTING LAW WITH A  
UNIFORM PARTNERSHIP LAW AND PROVIDING PENALTIES AND AN EF-  
FECTIVE DATE.

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

ARTICLE 1

GENERAL PROVISIONS

Section 1. NEW SECTION. 486.101 DEFINITIONS.

As used in this chapter, unless the context otherwise  
requires:

1. "Business" includes every trade, occupation, and profession.
2. "Debtor in bankruptcy" means a person who is the subject of any of the following:
  - a. An order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application.
  - b. A comparable order under federal, state, or foreign law governing insolvency.
3. "Distribution" means a transfer of money or other property from a partnership to a partner in the partner's capacity as a partner or to the partner's transferee.
4. "Foreign limited liability partnership" means a partnership that satisfies both of the following:

- a. The partnership is formed under laws other than the laws of this state.

- b. The partnership has the status of a limited liability partnership under those laws.

5. "Limited liability partnership" means a partnership that has filed a statement of qualification under section 486.1001 and does not have a similar statement in effect in any other jurisdiction.

6. "Partnership" means an association of two or more persons to carry on as co-owners a business for profit formed under section 486.202, predecessor law, or comparable law of another jurisdiction.

7. "Partnership agreement" means the agreement, whether written, oral, or implied, among the partners concerning the partnership, including amendments to the partnership agreement.

8. "Partnership at will" means a partnership in which the partners have not agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking.

9. "Partnership interest" or "partner's interest in the partnership" means all of a partner's interests in the partnership, including the partner's transferable interest and all management and other rights.

10. "Person" means as defined in section 4.1.

11. "Property" means all property, real, personal, or mixed, tangible or intangible, or any interest in such property.

12. "State" means a state, territory, or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

13. "Statement" means a statement of partnership authority under section 486.303, a statement of denial under section 486.304, a statement of dissociation under section 486.704, a statement of dissolution under section 486.805, a statement of merger under section 486.907, a statement of qualification

under section 486.1001, a statement of foreign qualification under section 486.1102, or an amendment or cancellation of any of the foregoing.

14. "Transfer" includes an assignment, conveyance, lease, mortgage, deed, and encumbrance.

Sec. 2. NEW SECTION. 486.102 KNOWLEDGE AND NOTICE.

1. A person knows a fact if the person has actual knowledge of it.

2. A person has notice of a fact if any of the following apply:

- a. The person knows of it.
- b. The person has received a notification of it.
- c. The person has reason to know it exists from all of the facts known to the person at the time in question.

3. A person notifies or gives a notification to another by taking steps reasonably required to inform the other person in ordinary course, whether or not the other person learns of it.

4. A person receives a notification when any of the following occur:

- a. The notification comes to the person's attention.
- b. The notification is duly delivered at the person's place of business or at any other place held out by the person as a place for receiving communications.

5. Except as otherwise provided in subsection 6, a person other than an individual knows, has notice, or receives a notification of a fact for purposes of a particular transaction when the individual conducting the transaction knows, has notice, or receives a notification of the fact, or in any event when the fact would have been brought to the individual's attention if the person had exercised reasonable diligence. The person exercises reasonable diligence if the person maintains reasonable routines for communicating significant information to the individual conducting the transaction and there is reasonable compliance with the routines. Reasonable diligence does not require an individual acting for the person to communicate information unless the

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

6. A partner's knowledge, notice, or receipt of a notification of a fact relating to the partnership is effective immediately as knowledge by, notice to, or receipt of a notification by the partnership, except in the case of a fraud on the partnership committed by or with the consent of that partner.

Sec. 3. NEW SECTION. 486.103 EFFECT OF PARTNERSHIP AGREEMENT -- NONWAIVABLE PROVISIONS.

1. Except as otherwise provided in subsection 2, relations among the partners and between the partners and the partnership are governed by the partnership agreement. To the extent the partnership agreement does not otherwise provide, this chapter governs relations among the partners and between the partners and the partnership.

2. The partnership agreement shall not do any of the following:

- a. Vary the rights and duties under section 486.105 except to eliminate the duty to provide copies of statements to all of the partners.
- b. Unreasonably restrict the right of access to books and records under section 486.403, subsection 2.
- c. Eliminate the duty of loyalty under section 486.404, subsection 2, or 486.603, subsection 2, paragraph "c", except as follows:

(1) The partnership agreement may identify specific types or categories of activities that do not violate the duty of loyalty, if not manifestly unreasonable.

(2) All of the partners or a number or percentage specified in the partnership agreement may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty.

d. Unreasonably reduce the duty of care under section 486.404, subsection 3, or 486.603, subsection 2, paragraph "c".

e. Eliminate the obligation of good faith and fair dealing under section 486.404, subsection 4, but the partnership agreement may prescribe the standards by which the performance of the obligation is to be measured, if the standards are not manifestly unreasonable.

f. Vary the power to dissociate as a partner under section 486.602, subsection 1, except to require the notice under section 486.601, subsection 1, to be in writing.

g. Vary the right of a court to expel a partner in the events specified in section 486.601, subsection 5.

h. Vary the requirement to wind up the partnership business in cases specified in section 486.801, subsection 4, 5, or 6.

i. Vary the law applicable to a limited liability partnership under section 486.106, subsection 2.

j. Restrict rights of third parties under this chapter.

Sec. 4. NEW SECTION. 486.104 SUPPLEMENTAL PRINCIPLES OF LAW.

1. Unless displaced by particular provisions of this chapter, the principles of law and equity supplement this chapter.

2. If an obligation to pay interest arises under this chapter and the rate is not specified, the rate is that specified in section 535.3.

Sec. 5. NEW SECTION. 486.105 EXECUTION, FILING, AND RECORDING OF STATEMENTS.

1. A statement may be filed in the office of the secretary of state. A certified copy of a statement that is filed in an office in another state may be filed in the office of the secretary of state. Either filing has the effect provided in this chapter with respect to partnership property located in or transactions that occur in this state.

2. A certified copy of a statement that has been filed in the office of the secretary of state and recorded in the office for recording transfers of real property has the effect provided for recorded statements in this chapter. A recorded statement that is not a certified copy of a statement filed in the office of the secretary of state does not have the effect provided for recorded statements in this chapter.

3. A statement filed by a partnership must be executed by at least two partners. Other statements must be executed by a partner or other person authorized by this chapter. An individual who executes a statement as, or on behalf of, a partner or other person named as a partner in a statement shall personally declare under penalty of perjury that the contents of the statement are accurate.

4. A person authorized by this chapter to file a statement may amend or cancel the statement by filing an amendment or cancellation that names the partnership, identifies the statement, and states the substance of the amendment or cancellation.

5. A person who files a statement pursuant to this section shall promptly send a copy of the statement to every nonfiling partner and to any other person named as a partner in the statement. Failure to send a copy of a statement to a partner or other person does not limit the effectiveness of the statement as to a person not a partner.

6. The secretary of state may collect a fee for filing or providing a certified copy of a statement. The county recorder may collect a fee for recording a statement.

Sec. 6. NEW SECTION. 486.106 GOVERNING LAW.

1. Except as otherwise provided in subsection 2, the law of the jurisdiction in which a partnership has its chief executive office governs relations among the partners and between the partners and the partnership.

2. The law of this state governs relations among the partners and the partnership and the liability of partners for an obligation of a limited liability partnership.



Sec. 7. NEW SECTION. 486.107 PARTNERSHIP SUBJECT TO AMENDMENT OR REPEAL OF CHAPTER.

A partnership governed by this chapter is subject to any amendment to or repeal of this chapter.

ARTICLE 2

NATURE OF PARTNERSHIP

Sec. 8. NEW SECTION. 486.201 PARTNERSHIP AS ENTITY.

1. A partnership is an entity distinct from its partners.
2. A limited liability partnership continues to be the same entity that existed before the filing of a statement of qualification under section 486.1001.

Sec. 9. NEW SECTION. 486.202 FORMATION OF PARTNERSHIP.

1. Except as otherwise provided in subsection 2, the association of two or more persons to carry on as co-owners a business for profit forms a partnership, whether or not the persons intend to form a partnership.

2. An association formed under a statute other than this chapter, a predecessor statute, or a comparable statute of another jurisdiction is not a partnership under this chapter.

3. In determining whether a partnership is formed, the following rules apply:

a. Joint tenancy, tenancy in common, tenancy by the entirety, joint property, common property, or part ownership does not by itself establish a partnership, even if the co-owners share profits made by the use of the property.

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

c. A person who receives a share of the profits of a business is presumed to be a partner in the business, unless the profits were received in payment of or for any of the following:

- (1) Of a debt by installments or otherwise.
- (2) For services as an independent contractor or of wages or other compensation to an employee.
- (3) Of rent.

(4) Of an annuity or other retirement or health benefit to a beneficiary, representative, or designee of a deceased or retired partner.

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

(6) For the sale of the goodwill of a business or other property by installments or otherwise.

Sec. 10. NEW SECTION. 486.203 PARTNERSHIP PROPERTY.

Property acquired by a partnership is property of the partnership and not of the partners individually.

Sec. 11. NEW SECTION. 486.204 WHEN PROPERTY IS PARTNERSHIP PROPERTY.

1. Property is partnership property if acquired in the name of any of the following:

- a. The partnership.
- b. One or more partners with an indication in the instrument transferring title to the property of the person's capacity as a partner or of the existence of a partnership but without an indication of the name of the partnership.

2. Property is acquired in the name of the partnership by a transfer to any of the following:

- a. The partnership in its name.
- b. One or more partners in their capacity as partners in the partnership, if the name of the partnership is indicated in the instrument transferring title to the property.

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

4. Property acquired in the name of one or more of the partners, without an indication in the instrument transferring

title to the property of the person's capacity as a partner or of the existence of a partnership and without use of partnership assets, is presumed to be separate property, even if used for partnership purposes.

## ARTICLE 3

RELATIONS OF PARTNERS TO  
PERSONS DEALING WITH PARTNERSHIPSec. 12. NEW SECTION. 486.301 PARTNER AGENT OF  
PARTNERSHIP.

Subject to the effect of a statement of partnership authority under section 486.303:

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

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

Sec. 13. NEW SECTION. 486.302 TRANSFER OF PARTNERSHIP  
PROPERTY.

1. Partnership property may be transferred as follows:

a. Subject to the effect of a statement of partnership authority under section 486.303, partnership property held in the name of the partnership may be transferred by an instrument of transfer executed by a partner in the partnership name.

b. Partnership property held in the name of one or more partners with an indication in the instrument transferring the property to the partners of their capacity as partners or of

the existence of a partnership, but without an indication of the name of the partnership, may be transferred by an instrument of transfer executed by the persons in whose name the property is held.

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

2. A partnership may recover partnership property from a transferee only if it proves that execution of the instrument of initial transfer did not bind the partnership under section 486.301 and if one of the following applies:

a. As to a subsequent transferee who gave value for property transferred under subsection 1, paragraphs "a" and "b", proves that the subsequent transferee knew or had received a notification that the person who executed the instrument of initial transfer lacked authority to bind the partnership.

b. As to a transferee who gave value for property transferred under subsection 1, paragraph "c", proves that the transferee knew or had received a notification that the property was partnership property and that the person who executed the instrument of initial transfer lacked authority to bind the partnership.

3. A partnership shall not recover partnership property from a subsequent transferee if the partnership would not have been entitled to recover the property, under subsection 2, from any earlier transferee of the property.

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

Sec. 14. NEW SECTION. 486.303 STATEMENT OF PARTNERSHIP AUTHORITY.

1. A partnership may file a statement of partnership authority as provided in this subsection.

a. The statement of partnership authority must include all of the following:

- (1) The name of the partnership.
- (2) The street address of its chief executive office and of one office in this state, if there is one.
- (3) The names and mailing addresses of all of the partners or of an agent appointed and maintained by the partnership for the purpose of subsection 2.
- (4) The names of the partners authorized to execute an instrument transferring real property held in the name of the partnership.

b. The statement of partnership authority may state the authority, or limitations on the authority, of some or all of the partners to enter into other transactions on behalf of the partnership and any other matter.

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

3. If a filed statement of partnership authority is executed pursuant to section 486.105, subsection 3, and states the name of the partnership but does not contain all of the other information required by subsection 1, the statement nevertheless operates with respect to a person not a partner as provided in subsections 4 and 5.

4. Except as otherwise provided in subsection 7, a filed statement of partnership authority supplements the authority of a partner to enter into transactions on behalf of the partnership as follows:

a. Except for transfers of real property, a grant of authority contained in a filed statement of partnership authority is conclusive in favor of a person who gives value

without knowledge to the contrary, so long as and to the extent that a limitation on that authority is not then contained in another filed statement. A filed cancellation of a limitation on authority revives the previous grant of authority.

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

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

6. Except as otherwise provided in subsections 4 and 5 and sections 486.704 and 486.805, a person not a partner is not deemed to know of a limitation on the authority of a partner merely because the limitation is contained in a filed statement.

7. Unless earlier canceled, a filed statement of partnership authority is canceled by operation of law five years after the date on which the statement, or the most recent amendment, was filed with the secretary of state.

Sec. 15. NEW SECTION. 486.304 STATEMENT OF DENIAL.

A partner or other person named as a partner in a filed statement of partnership authority or in a list maintained by an agent pursuant to section 486.303, subsection 2, may file a

statement of denial stating the name of the partnership and the fact that is being denied, which may include denial of a person's authority or status as a partner. A statement of denial is a limitation on authority as provided in section 486.303, subsections 4 and 5.

Sec. 16. NEW SECTION. 486.305 PARTNERSHIP LIABLE FOR PARTNER'S ACTIONABLE CONDUCT.

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

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

Sec. 17. NEW SECTION. 486.306 PARTNER'S LIABILITY.

1. Except as otherwise provided in subsections 2 and 3, all partners are liable jointly and severally for all obligations of the partnership unless otherwise agreed by the claimant or provided by law.

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

3. An obligation of a partnership incurred while the partnership is a limited liability partnership, whether arising in contract, tort, or otherwise, is solely the obligation of the partnership. A partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for such an obligation solely by reason of being or so acting as a partner. This subsection applies notwithstanding anything inconsistent in the partnership agreement that existed immediately before the vote required to

become a limited liability partnership under section 486.1001, subsection 2.

Sec. 18. NEW SECTION. 486.307 ACTIONS BY AND AGAINST PARTNERSHIP AND PARTNERS.

1. A partnership may sue and be sued in the name of the partnership.

2. An action may be brought against the partnership and, to the extent not inconsistent with section 486.306, any or all of the partners in the same action or in separate actions.

3. A judgment against a partnership is not by itself a judgment against a partner. A judgment against a partnership shall not be satisfied from a partner's assets unless there is also a judgment against the partner.

4. A judgment creditor of a partner shall not levy execution against the assets of the partner to satisfy a judgment based on a claim against the partnership unless the partner is personally liable for the claim under section 486.306 and one or more of the following apply:

a. A judgment based on the same claim has been obtained against the partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part.

b. The partnership is a debtor in bankruptcy.

c. The partner has agreed that the creditor need not exhaust partnership assets.

d. A court grants permission to the judgment creditor to levy execution against the assets of a partner based on a finding that partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of partnership assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers.

e. Liability is imposed on the partner by law or contract independent of the existence of the partnership.

5. This section applies to any partnership liability or obligation resulting from a representation by a partner or purported partner under section 486.308.

Sec. 19. NEW SECTION. 486.308 LIABILITY OF PURPORTED PARTNER.

1. If a person, by words or conduct, purports to be a partner, or consents to being represented by another as a partner, in a partnership or with one or more persons not partners, the purported partner is liable to a person to whom the representation is made, if that person, relying on the representation, enters into a transaction with the actual or purported partnership. If the representation, either by the purported partner or by a person with the purported partner's consent, is made in a public manner, the purported partner is liable to a person who relies upon the purported partnership even if the purported partner is not aware of being held out as a partner to the claimant. If partnership liability results, the purported partner is liable with respect to that liability as if the purported partner were a partner. If no partnership liability results, the purported partner is liable with respect to that liability jointly and severally with any other person consenting to the representation.

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

3. A person is not liable as a partner merely because the person is named by another in a statement of partnership authority.

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

5. Except as otherwise provided in subsections 1 and 2, persons who are not partners as to each other are not liable as partners to other persons.

ARTICLE 4

RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP  
Sec. 20. NEW SECTION. 486.401 PARTNER'S RIGHTS AND DUTIES.

1. Each partner is deemed to have an account subject to the following:

a. The account is credited with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, the partner contributes to the partnership and the partner's share of the partnership profits.

b. The account is charged with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, distributed by the partnership to the partner and the partner's share of the partnership losses.

2. Each partner is entitled to an equal share of the partnership profits and is chargeable with a share of the partnership losses in proportion to the partner's share of the profits.

3. A partnership shall reimburse a partner for payments made and indemnify a partner for liabilities incurred by the partner in the ordinary course of the business of the partnership or for the preservation of its business or property, if such payments were made or liabilities incurred without violation of the partner's duties to the partnership or the other partners.

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

5. A payment or advance made by a partner which gives rise to a partnership obligation under subsection 3 or 4 constitutes a loan to the partnership which accrues interest from the date of the payment or advance.

6. Each partner has equal rights in the management and conduct of the partnership business.

7. A partner may use or possess partnership property only on behalf of the partnership.

8. A partner is not entitled to remuneration for services performed for the partnership, except for reasonable compensation for services rendered in winding up the business of the partnership.

9. A person may become a partner only with the consent of all of the partners.

10. A difference arising as to a matter in the ordinary course of business of a partnership may be decided by a majority of the partners. An act outside the ordinary course of business of a partnership and an amendment to the partnership agreement may be undertaken only with the consent of all of the partners.

11. This section does not affect the obligations of a partnership to other persons under section 486.301.

Sec. 21. NEW SECTION. 486.402 DISTRIBUTIONS IN KIND.

A partner has no right to receive, and shall not be required to accept, a distribution in kind.

Sec. 22. NEW SECTION. 486.403 PARTNER'S RIGHTS AND DUTIES WITH RESPECT TO INFORMATION.

1. A partnership shall keep its books and records, if any, at its chief executive office.

2. A partnership shall provide partners and their agents and attorneys access to its books and records. It shall provide former partners and their agents and attorneys access to books and records pertaining to the period during which the former partners were partners. The right of access provides the opportunity to inspect and copy books and records during ordinary business hours. A partnership may impose a

reasonable charge, covering the costs of labor and material, for copies of documents furnished.

3. Each partner and the partnership shall furnish to a partner, and to the legal representative of a deceased partner or partner under legal disability all of the following:

a. Without demand, any information concerning the partnership's business and affairs reasonably required for the proper exercise of the partner's rights and duties under the partnership agreement or this chapter.

b. On demand, any other information concerning the partnership's business and affairs, except to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances.

Sec. 23. NEW SECTION. 486.404 GENERAL STANDARDS OF PARTNER'S CONDUCT.

1. The only fiduciary duties a partner owes to the partnership and the other partners are the duty of loyalty and the duty of care set forth in subsections 2 and 3.

2. A partner's duty of loyalty to the partnership and the other partners is limited to the following:

a. To account to the partnership and hold as trustee for the partnership any property, profit, or benefit derived by the partner in the conduct and winding up of the partnership business or derived from a use by the partner of partnership property, including the appropriation of a partnership opportunity.

b. To refrain from dealing with the partnership in the conduct or winding up of the partnership business as or on behalf of a party having an interest adverse to the partnership.

c. To refrain from competing with the partnership in the conduct of the partnership business before the dissolution of the partnership.

3. A partner's duty of care to the partnership and the other partners in the conduct and winding up of the partnership business is limited to refraining from engaging in

grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.

4. A partner shall discharge the duties to the partnership and the other partners under this chapter or under the partnership agreement and exercise any rights consistently with the obligation of good faith and fair dealing.

5. A partner does not violate a duty or obligation under this chapter or under the partnership agreement merely because the partner's conduct furthers the partner's own interest.

6. A partner may lend money to and transact other business with the partnership, and as to each loan or transaction the rights and obligations of the partner are the same as those of a person who is not a partner, subject to other applicable law.

7. This section applies to a person winding up the partnership business as the personal or legal representative of the last surviving partner as if the person were a partner.

Sec. 24. NEW SECTION. 486.405 ACTIONS BY PARTNERSHIP AND PARTNERS.

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

2. A partner may maintain an action against the partnership or another partner for legal or equitable relief, with or without an accounting as to partnership business, to do any of the following:

a. Enforce the partner's rights under the partnership agreement.

b. Enforce the partner's rights under this chapter, including any or all of the following:

(1) The partner's rights under section 486.401, 486.403, or 486.404.

(2) The partner's right on dissociation to have the partner's interest in the partnership purchased pursuant to section 486.701 or enforce any other right under article 6 or 7.

(3) The partner's right to compel a dissolution and winding up of the partnership business under section 486.801 or enforce any other right under article 8.

c. Enforce the rights and otherwise protect the interests of the partner, including rights and interests arising independently of the partnership relationship.

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

Sec. 25. NEW SECTION. 486.406 CONTINUATION OF PARTNERSHIP BEYOND DEFINITE TERM OR PARTICULAR UNDERTAKING.

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

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

#### ARTICLE 5

##### TRANSFEREES AND CREDITORS OF PARTNER

Sec. 26. NEW SECTION. 486.501 PARTNER NOT CO-OWNER OF PARTNERSHIP PROPERTY.

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

Sec. 27. NEW SECTION. 486.502 PARTNER'S TRANSFERABLE INTEREST IN PARTNERSHIP.

The only transferable interest of a partner in the partnership is the partner's share of the profits and losses of the partnership and the partner's right to receive distributions. The interest is personal property.

Sec. 28. NEW SECTION. 486.503 TRANSFER OF PARTNER'S TRANSFERABLE INTEREST.

1. A transfer, in whole or in part, of a partner's transferable interest in the partnership is or does all of the following:

- a. Is permissible.
- b. Does not by itself cause the partner's dissociation or a dissolution and winding up of the partnership business.
- c. Does not, as against the other partners or the partnership, entitle the transferee, during the continuance of the partnership, to participate in the management or conduct of the partnership business, to require access to information concerning partnership transactions, or to inspect or copy the partnership books or records.

2. A transferee of a partner's transferable interest in the partnership has a right to all of the following:

- a. To receive, in accordance with the transfer, distributions to which the transferor would otherwise be entitled.
- b. To receive upon the dissolution and winding up of the partnership business, in accordance with the transfer, the net amount otherwise distributable to the transferor.
- c. To seek under section 486.801, subsection 6, a judicial determination that it is equitable to wind up the partnership business.

3. In a dissolution and winding up, a transferee is entitled to an account of partnership transactions only from the date of the latest account agreed to by all of the partners.

4. Upon transfer, the transferor retains the rights and duties of a partner other than the interest in distributions transferred.

5. A partnership need not give effect to a transferee's rights under this section until it has notice of the transfer.

6. A transfer of a partner's transferable interest in the partnership in violation of a restriction on transfer

contained in the partnership agreement is ineffective as to a person having notice of the restriction at the time of transfer.

Sec. 29. NEW SECTION. 486.504 PARTNER'S TRANSFERABLE INTEREST SUBJECT TO CHARGING ORDER.

1. On application by a judgment creditor of a partner or of a partner's transferee, a court having jurisdiction may charge the transferable interest of the judgment debtor to satisfy the judgment. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor in respect of the partnership and make all other orders, directions, accounts, and inquiries the judgment debtor might have made or which the circumstances of the case may require.

2. A charging order constitutes a lien on the judgment debtor's transferable interest in the partnership. The court may order a foreclosure of the interest subject to the charging order at any time. The purchaser at the foreclosure sale has the rights of a transferee.

3. At any time before foreclosure, an interest charged may be redeemed by or with any of the following:

- a. By the judgment debtor.
- b. With property other than partnership property, by one or more of the other partners.
- c. With partnership property, by one or more of the other partners with the consent of all of the partners whose interests are not so charged.

4. This chapter does not deprive a partner of a right under exemption laws with respect to the partner's interest in the partnership.

5. This section provides the exclusive remedy by which a judgment creditor of a partner or partner's transferee may satisfy a judgment out of the judgment debtor's transferable interest in the partnership.

ARTICLE 6  
PARTNER'S DISSOCIATION



Sec. 30. NEW SECTION. 486.601 EVENTS CAUSING PARTNER'S DISSOCIATION.

A partner is dissociated from a partnership upon the occurrence of any of the following events:

1. The partnership's having notice of the partner's express will to withdraw as a partner or on a later date specified by the partner.
2. An event agreed to in the partnership agreement as causing the partner's dissociation.
3. The partner's expulsion pursuant to the partnership agreement.
4. The partner's expulsion by the unanimous vote of the other partners if any of the following apply:
  - a. It is unlawful to carry on the partnership business with that partner.
  - b. There has been a transfer of all or substantially all of that partner's transferable interest in the partnership, other than a transfer for security purposes, or a court order charging the partner's interest, which has not been foreclosed.
  - c. Within ninety days after the partnership notifies a corporate partner that it will be expelled because it has filed a certificate of dissolution or the equivalent, its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, there is no revocation of the certificate of dissolution or no reinstatement of its charter or its right to conduct business.
  - d. A partnership, limited partnership, or limited liability company that is a partner has been dissolved and its business is being wound up.
5. On application by the partnership or another partner, the partner's expulsion by judicial determination because of any of the following:
  - a. The partner engaged in wrongful conduct that adversely and materially affected the partnership business.

- b. The partner willfully or persistently committed a material breach of the partnership agreement or of a duty owed to the partnership or the other partners under section 486.404.
- c. The partner engaged in conduct relating to the partnership business which makes it not reasonably practicable to carry on the business in partnership with the partner.
6. The partner's actions constituting any of the following:
  - a. Becoming a debtor in bankruptcy.
  - b. Executing an assignment for the benefit of creditors.
  - c. Seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidator of that partner or of all or substantially all of that partner's property.
  - d. Failing, within ninety days after the appointment, to have vacated or stayed the appointment of a trustee, receiver, or liquidator of the partner or of all or substantially all of the partner's property obtained without the partner's consent or acquiescence, or failing within ninety days after the expiration of a stay to have the appointment vacated.
7. In the case of a partner who is an individual any of the following:
  - a. The partner's death.
  - b. The appointment of a general guardian or general conservator for the partner.
  - c. A judicial determination that the partner has otherwise become incapable of performing the partner's duties under the partnership agreement.
  - d. In the case of a partner that is a trust or is acting as a partner by virtue of being a trustee of a trust, distribution of the trust's entire transferable interest in the partnership, but not merely by reason of the substitution of a successor trustee.
9. In the case of a partner that is an estate or is acting as a partner by virtue of being a personal representative of

an estate, distribution of the estate's entire transferable interest in the partnership, but not merely by reason of the substitution of a successor personal representative.

10. Termination of a partner who is not an individual, partnership, corporation, trust, or estate.

Sec. 31. NEW SECTION. 486.602 PARTNER'S POWER TO DISSOCIATE -- WRONGFUL DISSOCIATION.

1. A partner has the power to dissociate at any time, rightfully or wrongfully, by express will pursuant to section 486.601, subsection 1.

2. A partner's dissociation is wrongful only if any of the following applies:

a. It is in breach of an express provision of the partnership agreement.

b. In the case of a partnership for a definite term or particular undertaking, before the expiration of the term or the completion of the undertaking if any of the following occur:

(1) The partner withdraws by express will, unless the withdrawal follows within ninety days after another partner's dissociation by death or otherwise under section 486.601, subsections 6 through 10, or wrongful dissociation under this subsection.

(2) The partner is expelled by judicial determination under section 486.601, subsection 5.

(3) The partner is dissociated by becoming a debtor in bankruptcy.

(4) In the case of a partner who is not an individual, trust other than a business trust, or estate, the partner is expelled or otherwise dissociated because it willfully dissolved or terminated.

3. A partner who wrongfully dissociates is liable to the partnership and to the other partners for damages caused by the dissociation. The liability is in addition to any other obligation of the partner to the partnership or to the other partners.

Sec. 32. NEW SECTION. 486.603 EFFECT OF PARTNER'S DISSOCIATION.

1. If a partner's dissociation results in a dissolution and winding up of the partnership business, article 8 applies; otherwise, article 7 applies.

2. Upon a partner's dissociation all of the following apply:

a. The partner's right to participate in the management and conduct of the partnership business terminates, except as otherwise provided in section 486.803.

b. The partner's duty of loyalty under section 486.404, subsection 2, paragraph "c", terminates.

c. The partner's duty of loyalty under section 486.404, subsection 2, paragraphs "a" and "b", and duty of care under section 486.404, subsection 3, continue only with regard to matters arising and events occurring before the partner's dissociation, unless the partner participates in winding up the partnership's business pursuant to section 486.803.

ARTICLE 7

PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP

Sec. 33. NEW SECTION. 486.701 PURCHASE OF DISSOCIATED PARTNER'S INTEREST.

1. If a partner is dissociated from a partnership without resulting in a dissolution and winding up of the partnership business under section 486.801, the partnership shall cause the dissociated partner's interest in the partnership to be purchased for a buyout price determined pursuant to subsection 2.

2. The buyout price of a dissociated partner's interest is the amount that would have been distributable to the dissociating partner under section 486.807, subsection 2, if, on the date of dissociation, the assets of the partnership were sold at a price equal to the greater of the liquidation value or the value based on a sale of the entire business as a going concern without the dissociated partner and the partnership were wound up as of that date. Interest must be paid from the date of dissociation to the date of payment.

3. Damages for wrongful dissociation under section 486.602, subsection 2, and all other amounts owing, whether or not presently due, from the dissociated partner to the partnership, must be offset against the buyout price. Interest must be paid from the date the amount owed becomes due to the date of payment.

4. A partnership shall indemnify a dissociated partner whose interest is being purchased against all partnership liabilities, whether incurred before or after the dissociation, except liabilities incurred by an act of the dissociated partner under section 486.702.

5. If no agreement for the purchase of a dissociated partner's interest is reached within one hundred twenty days after a written demand for payment, the partnership shall pay, or cause to be paid, in cash to the dissociated partner the amount the partnership estimates to be the buyout price and accrued interest, reduced by any offsets and accrued interest under subsection 3.

6. If a deferred payment is authorized under subsection 8, the partnership may tender a written offer to pay the amount the partnership estimates to be the buyout price and accrued interest, reduced by any offsets under subsection 3, stating the time of payment, the amount and type of security for payment, and the other terms and conditions of the obligation.

7. The payment or tender required by subsection 5 or 6 must be accompanied by all of the following:

- a. A written statement of partnership assets and liabilities as of the date of dissociation.
- b. The latest available partnership balance sheet and income statement, if any.
- c. A written explanation of how the estimated amount of the payment was calculated.
- d. Written notice that the payment is in full satisfaction of the obligation to purchase unless, within one hundred twenty days after the written notice, the dissociated partner commences an action to determine the buyout price, any offsets

under subsection 3, or other terms of the obligation to purchase.

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

9. A dissociated partner may maintain an action against the partnership, pursuant to section 486.405, subsection 2, paragraph "b", subparagraph (2), to determine the buyout price of that partner's interest, any offsets under subsection 3, or other terms of the obligation to purchase. The action must be commenced within one hundred twenty days after the partnership has tendered payment or an offer to pay or within one year after written demand for payment if no payment or offer to pay is tendered. The court shall determine the buyout price of the dissociated partner's interest, any offset due under subsection 3, and accrued interest, and enter judgment for any additional payment or refund. If deferred payment is authorized under subsection 8, the court shall also determine the security for payment and other terms of the obligation to purchase. The court may assess reasonable attorney's fees and the fees and expenses of appraisers or other experts for a party to the action, in amounts the court finds equitable, against a party that the court finds acted arbitrarily, vexatiously, or not in good faith. The finding may be based on the partnership's failure to tender payment or an offer to pay or to comply with subsection 7.

Sec. 34. NEW SECTION. 486.702 DISSOCIATED PARTNER'S POWER TO BIND AND LIABILITY TO PARTNERSHIP.

1. For two years after a partner dissociates without resulting in a dissolution and winding up of the partnership

business, the partnership, including a surviving partnership under article 9, is bound by an act of the dissociated partner which would have bound the partnership under section 486.301 before dissociation only if at the time of entering into the transaction all of the following apply:

- a. The other party reasonably believed that the dissociated partner was then a partner.
- b. The other party did not have notice of the partner's dissociation.
- c. The other party is not deemed to have had knowledge under section 486.303, subsection 5, or notice under section 486.704, subsection 3.

2. A dissociated partner is liable to the partnership for any damage caused to the partnership arising from an obligation incurred by the dissociated partner after dissociation for which the partnership is liable under subsection 1.

**Sec. 35. NEW SECTION. 486.703 DISSOCIATED PARTNER'S LIABILITY TO OTHER PERSONS.**

1. A partner's dissociation does not of itself discharge the partner's liability for a partnership obligation incurred before dissociation. A dissociated partner is not liable for a partnership obligation incurred after dissociation, except as otherwise provided in subsection 2.

2. A partner who dissociates without resulting in a dissolution and winding up of the partnership business is liable as a partner to the other party in a transaction entered into by the partnership, or a surviving partnership under article 9, within two years after the partner's dissociation, only if the partner is liable for the obligation under section 486.306 and at the time of entering into the transaction all of the following apply:

- a. The other party reasonably believed that the dissociated partner was then a partner.
- b. The other party did not have notice of the partner's dissociation.

c. The other party is not deemed to have had knowledge under section 486.303, subsection 5, or notice under section 486.704, subsection 3.

3. By agreement with the partnership creditor and the partners continuing the business, a dissociated partner may be released from liability for a partnership obligation.

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

**Sec. 36. NEW SECTION. 486.704 STATEMENT OF DISSOCIATION.**

1. A dissociated partner or the partnership may file a statement of dissociation stating the name of the partnership and that the partner is dissociated from the partnership.

2. A statement of dissociation is a limitation on the authority of a dissociated partner for the purposes of section 486.303, subsections 4 and 5.

3. For the purposes of sections 486.702, subsection 1, paragraph "c", and 486.703, subsection 2, paragraph "c", a person not a partner is deemed to have notice of the dissociation ninety days after the statement of dissociation is filed.

**Sec. 37. NEW SECTION. 486.705 CONTINUED USE OF PARTNERSHIP NAME.**

Continued use of a partnership name, or a dissociated partner's name as part of a partnership name, by partners continuing the business does not of itself make the dissociated partner liable for an obligation of the partners or the partnership continuing the business.

**ARTICLE 8**

**WINDING UP PARTNERSHIP BUSINESS**

**Sec. 38. NEW SECTION. 486.801 EVENTS CAUSING DISSOLUTION AND WINDING UP OF PARTNERSHIP BUSINESS.**

A partnership is dissolved, and its business must be wound up, only upon the occurrence of any of the following events:

1. In a partnership at will, the partnership's having notice from a partner, other than a partner who is dissociated under section 486.601, subsections 2 through 10, of that partner's express will to withdraw as a partner, or on a later date specified by the partner.

2. In a partnership for a definite term or particular undertaking if any of the following occur or are present:

a. The expiration of ninety days after a partner's dissociation by death or otherwise under section 486.601, subsections 6 through 10, or wrongful dissociation under section 486.602, subsection 2, unless before that time a majority in interest of the remaining partners, including partners who have rightfully dissociated pursuant to section 486.602, subsection 2, paragraph "b", subparagraph (1), agree to continue the partnership.

b. The express will of all of the partners to wind up the partnership business.

c. The expiration of the term or the completion of the undertaking.

3. An event agreed to in the partnership agreement resulting in the winding up of the partnership business.

4. An event that makes it unlawful for all or substantially all of the business of the partnership to be continued, but a cure of illegality within ninety days after notice to the partnership of the event is effective retroactively to the date of the event for purposes of this section.

5. On application by a partner, a judicial determination that concludes any of the following:

a. The economic purpose of the partnership is likely to be unreasonably frustrated.

b. Another partner has engaged in conduct relating to the partnership business which makes it not reasonably practicable to carry on the business in partnership with that partner.

c. It is not otherwise reasonably practicable to carry on the partnership business in conformity with the partnership agreement.

6. On application by a transferee of a partner's transferable interest, a judicial determination that it is equitable to wind up the partnership business at any of the following times:

a. After the expiration of the term or completion of the undertaking, if the partnership was for a definite term or particular undertaking at the time of the transfer or entry of the charging order that gave rise to the transfer.

b. At any time, if the partnership was a partnership at will at the time of the transfer or entry of the charging order that gave rise to the transfer.

Sec. 39. NEW SECTION. 486.802 PARTNERSHIP CONTINUES AFTER DISSOLUTION.

1. Subject to subsection 2, a partnership continues after dissolution only for the purpose of winding up its business. The partnership is terminated when the winding up of its business is completed.

2. At any time after the dissolution of a partnership and before the winding up of its business is completed, all of the partners, including any dissociating partner other than a wrongfully dissociating partner, may waive the right to have the partnership's business wound up and the partnership terminated. In that event all of the following apply:

a. The partnership resumes carrying on its business as if dissolution had never occurred, and any liability incurred by the partnership or a partner after the dissolution and before the waiver is determined as if dissolution had never occurred.

b. The rights of a third party accruing under section 486.804, subsection 1, or arising out of conduct in reliance on the dissolution before the third party knew or received a notification of the waiver shall not be adversely affected.

Sec. 40. NEW SECTION. 486.803 RIGHT TO WIND UP PARTNERSHIP BUSINESS.

1. After dissolution, a partner who has not wrongfully dissociated may participate in winding up the partnership's business, but on application of any partner, partner's legal

representative, or transferee, the court, for good cause shown, may order judicial supervision of the winding up.

2. The legal representative of the last surviving partner may wind up a partnership's business.

3. A person winding up a partnership's business may preserve the partnership business or property as a going concern for a reasonable time, prosecute and defend actions and proceedings, whether civil, criminal, or administrative, settle and close the partnership's business, dispose of and transfer the partnership's property, discharge the partnership's liabilities, distribute the assets of the partnership pursuant to section 486.807, settle disputes by mediation or arbitration, and perform other necessary acts.

Sec. 41. NEW SECTION. 486.804 PARTNER'S POWER TO BIND PARTNERSHIP AFTER DISSOLUTION.

Subject to section 486.805, a partnership is bound by a partner's act after dissolution that meets any of the following criteria:

1. Is appropriate for winding up the partnership business.
2. Would have bound the partnership under section 486.301 before dissolution, if the other party to the transaction did not have notice of the dissolution.

Sec. 42. NEW SECTION. 486.805 STATEMENT OF DISSOLUTION.

1. After dissolution, a partner who has not wrongfully dissociated may file a statement of dissolution stating the name of the partnership and that the partnership has dissolved and is winding up its business.

2. A statement of dissolution cancels a filed statement of partnership authority for the purposes of section 486.303, subsection 4, and is a limitation on authority for the purposes of section 486.303, subsection 5.

3. For the purposes of sections 486.301 and 486.804, a person not a partner is deemed to have notice of the dissolution and the limitation on the partners' authority as a result of the statement of dissolution ninety days after it is filed.

4. After filing and, if appropriate, recording a statement of dissolution, a dissolved partnership may file and, if appropriate, record a statement of partnership authority which will operate with respect to a person not a partner as provided in section 486.303, subsections 4 and 5, in any transaction, whether or not the transaction is appropriate for winding up the partnership business.

Sec. 43. NEW SECTION. 486.806 PARTNER'S LIABILITY TO OTHER PARTNERS AFTER DISSOLUTION.

1. Except as otherwise provided in subsection 2 and section 486.306, after dissolution a partner is liable to the other partners for the partner's share of any partnership liability incurred under section 486.804.

2. A partner who, with knowledge of the dissolution, incurs a partnership liability under section 486.804, subsection 2, by an act that is not appropriate for winding up the partnership business is liable to the partnership for any damage caused to the partnership arising from the liability.

Sec. 44. NEW SECTION. 486.807 SETTLEMENT OF ACCOUNTS AND CONTRIBUTIONS AMONG PARTNERS.

1. In winding up a partnership's business, the assets of the partnership, including the contributions of the partners required by this section, must be applied to discharge its obligations to creditors, including, to the extent permitted by law, partners who are creditors. Any surplus must be applied to pay in cash the net amount distributable to partners in accordance with their right to distributions under subsection 2.

2. Each partner is entitled to a settlement of all partnership accounts upon winding up the partnership business. In settling accounts among the partners, profits and losses that result from the liquidation of the partnership assets must be credited and charged to the partners' accounts. The partnership shall make a distribution to a partner in an amount equal to any excess of the credits over the charges in the partner's account. A partner shall contribute to the

partnership an amount equal to any excess of the charges over the credits in the partner's account, but excluding from the calculation charges attributable to an obligation for which the partner is not personally liable under section 486.306.

3. If a partner fails to contribute the full amount required under subsection 2, all of the other partners shall contribute, in the proportions in which those partners share partnership losses, the additional amount necessary to satisfy the partnership obligations for which they are personally liable under section 486.306. A partner or partner's legal representative may recover from the other partners any contributions the partner makes to the extent the amount contributed exceeds that partner's share of the partnership obligations for which the partner is personally liable under section 486.306.

4. After the settlement of accounts, each partner shall contribute, in the proportion in which the partner shares partnership losses, the amount necessary to satisfy partnership obligations that were not known at the time of the settlement and for which the partner is personally liable under section 486.306.

5. The estate of a deceased partner is liable for the partner's obligation to contribute to the partnership.

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

#### ARTICLE 9

##### CONVERSIONS AND MERGERS

Sec. 45. NEW SECTION. 486.901 DEFINITIONS.

In this article:

1. "General partner" means a partner in a partnership and a general partner in a limited partnership.
2. "Limited partner" means a limited partner in a limited partnership.

3. "Limited partnership" means a limited partnership created under chapter 487, predecessor law, or comparable law of another jurisdiction.

4. "Partner" includes both a general partner and a limited partner.

Sec. 46. NEW SECTION. 486.902 CONVERSION OF PARTNERSHIP TO LIMITED PARTNERSHIP.

1. A partnership may be converted to a limited partnership pursuant to this section.

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

3. After the conversion is approved by the partners, the partnership shall file a certificate of limited partnership in the jurisdiction in which the limited partnership is to be formed. The certificate must include all of the following:

- a. A statement that the partnership was converted to a limited partnership from a partnership.
- b. Its former name.
- c. A statement of the number of votes cast by the partners for and against the conversion and, if the vote is less than unanimous, the number or percentage required to approve the conversion under the partnership agreement.

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

5. A general partner who becomes a limited partner as a result of the conversion remains liable as a general partner for an obligation incurred by the partnership before the conversion takes effect. If the other party to a transaction with the limited partnership reasonably believes when entering the transaction that the limited partner is a general partner, the limited partner is liable for an obligation incurred by the limited partnership within ninety days after the conversion takes effect. The limited partner's liability for

all other obligations of the limited partnership incurred after the conversion takes effect is that of a limited partner as provided in chapter 487.

Sec. 47. NEW SECTION. 486.903 CONVERSION OF LIMITED PARTNERSHIP TO PARTNERSHIP.

1. A limited partnership may be converted to a partnership pursuant to this section.

2. Notwithstanding a provision to the contrary in a limited partnership agreement, the terms and conditions of a conversion of a limited partnership to a partnership must be approved by all of the partners.

3. After the conversion is approved by the partners, the limited partnership shall cancel its certificate of limited partnership.

4. The conversion takes effect when the certificate of limited partnership is canceled.

5. A limited partner who becomes a general partner as a result of the conversion remains liable only as a limited partner for an obligation incurred by the limited partnership before the conversion takes effect. Except as otherwise provided in section 486.306, the partner is liable as a general partner for an obligation of the partnership incurred after the conversion takes effect.

Sec. 48. NEW SECTION. 486.904 EFFECT OF CONVERSION -- ENTITY UNCHANGED.

1. A partnership or limited partnership that has been converted pursuant to this article is for all purposes the same entity that existed before the conversion.

2. When a conversion takes effect all of the following apply:

a. All property owned by the converting partnership or limited partnership remains vested in the converted entity.

b. All obligations of the converting partnership or limited partnership continue as obligations of the converted entity.

c. An action or proceeding pending against the converting partnership or limited partnership may be continued as if the conversion had not occurred.

Sec. 49. NEW SECTION. 486.905 MERGER OF PARTNERSHIPS.

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

2. The plan of merger must set forth all of the following:

a. The name of each partnership or limited partnership that is a party to the merger.

b. The name of the surviving entity into which the other partnerships or limited partnerships will merge.

c. Whether the surviving entity is a partnership or a limited partnership and the status of each partner.

d. The terms and conditions of the merger.

e. The manner and basis of converting the interests of each party to the merger into interests or obligations of the surviving entity, or into money or other property in whole or part.

f. The street address of the surviving entity's chief executive office.

3. The plan of merger must be approved as follows:

a. In the case of a partnership that is a party to the merger, by all of the partners, or a number or percentage specified for merger in the partnership agreement.

b. In the case of a limited partnership that is a party to the merger, by the vote required for approval of a merger by the law of the state or foreign jurisdiction in which the limited partnership is organized and, in the absence of such a specifically applicable law, by all of the partners, notwithstanding a provision to the contrary in the partnership agreement.

4. After a plan of merger is approved and before the merger takes effect, the plan may be amended or abandoned as provided in the plan.



5. The merger takes effect on the later of any of the following:

- a. The approval of the plan of merger by all parties to the merger, as provided in subsection 3.
- b. The filing of all documents required by law to be filed as a condition to the effectiveness of the merger.
- c. Any effective date specified in the plan of merger.

Sec. 50. NEW SECTION. 486.906 EFFECT OF MERGER.

1. When a merger takes effect all of the following apply:

- a. The separate existence of every partnership or limited partnership that is a party to the merger, other than the surviving entity, ceases.
- b. All property owned by each of the merged partnerships or limited partnerships vests in the surviving entity.
- c. All obligations of every partnership or limited partnership that is a party to the merger become the obligations of the surviving entity.
- d. An action or proceeding pending against a partnership or limited partnership that is a party to the merger may be continued as if the merger had not occurred, or the surviving entity may be substituted as a party to the action or proceeding.

2. The secretary of state of this state is the agent for service of process in an action or proceeding against a surviving foreign partnership or limited partnership to enforce an obligation of a domestic partnership or limited partnership that is a party to a merger. The surviving entity shall promptly notify the secretary of state of the mailing address of its chief executive office and of any change of address. Upon receipt of process, the secretary of state shall mail a copy of the process to the surviving foreign partnership or limited partnership.

3. A partner of the surviving partnership or limited partnership is liable for all of the following:

- a. All obligations of a party to the merger for which the partner was personally liable before the merger.

b. All other obligations of the surviving entity incurred before the merger by a party to the merger, but those obligations may be satisfied only out of property of the entity.

c. Except as otherwise provided in section 486.306, all obligations of the surviving entity incurred after the merger takes effect, but those obligations may be satisfied only out of property of the entity if the partner is a limited partner.

4. If the obligations incurred before the merger by a party to the merger are not satisfied out of the property of the surviving partnership or limited partnership, the general partners of that party immediately before the effective date of the merger shall contribute the amount necessary to satisfy that party's obligations to the surviving entity, in the manner provided in section 486.807 or in chapter 487 or under the law of the jurisdiction in which the party was formed, as the case may be, as if the merged party were dissolved.

5. A partner of a party to a merger who does not become a partner of the surviving partnership or limited partnership is dissociated from the entity, of which that partner was a partner, as of the date the merger takes effect. The surviving entity shall cause the partner's interest in the entity to be purchased under section 486.701 or another statute specifically applicable to that partner's interest with respect to a merger. The surviving entity is bound under section 486.702 by an act of a general partner dissociated under this subsection, and the partner is liable under section 486.703 for transactions entered into by the surviving entity after the merger takes effect.

Sec. 51. NEW SECTION. 486.907 STATEMENT OF MERGER.

1. After a merger, the surviving partnership or limited partnership may file a statement that one or more partnerships or limited partnerships have merged into the surviving entity.

2. A statement of merger must contain all of the following:

- a. The name of each partnership or limited partnership that is a party to the merger.
  - b. The name of the surviving entity into which the other partnerships or limited partnership were merged.
  - c. The street address of the surviving entity's chief executive office and of an office in this state, if any.
  - d. Whether the surviving entity is a partnership or a limited partnership.
3. Except as otherwise provided in subsection 4, for the purposes of section 486.302, property of the surviving partnership or limited partnership which before the merger was held in the name of another party to the merger is property held in the name of the surviving entity upon filing a statement of merger.
4. For the purposes of section 486.302, real property of the surviving partnership or limited partnership which before the merger was held in the name of another party to the merger is property held in the name of the surviving entity upon recording a certified copy of the statement of merger in the office for recording transfers of that real property.
5. A filed and, if appropriate, recorded statement of merger, executed and declared to be accurate pursuant to section 486.105, subsection 3, stating the name of a partnership or limited partnership that is a party to the merger in whose name property was held before the merger and the name of the surviving entity, but not containing all of the other information required by subsection 2, operates with respect to the partnerships or limited partnerships named to the extent provided in subsections 3 and 4.

Sec. 52. NEW SECTION. 486.908 NONEXCLUSIVE.

This article is not exclusive. Partnerships or limited partnerships may be converted or merged in any other manner provided by law.

ARTICLE 10  
LIMITED LIABILITY PARTNERSHIP

Sec. 53. NEW SECTION. 486.1001 STATEMENT OF QUALIFICATION.

1. A partnership may become a limited liability partnership pursuant to this section.
2. The terms and conditions on which a partnership becomes a limited liability partnership must be approved by the vote necessary to amend the partnership agreement except, in the case of a partnership agreement that expressly considers obligations to contribute to the partnership, by the vote necessary to amend those provisions.
3. After the approval required by subsection 2, a partnership may become a limited liability partnership by filing a statement of qualification. The statement must contain all of the following:
  - a. The name of the partnership.
  - b. The street address of the partnership's chief executive office and, if different, the street address of an office in this state, if any.
  - c. The address of a registered office and the name and address of a registered agent for service of process in this state, which the partnership is required to maintain as provided in section 486.1211.
  - d. A statement that the partnership elects to be a limited liability partnership.
  - e. A deferred effective date, if any.
4. The statement shall be executed by one or more partners authorized to execute the statement on behalf of the partnership.
5. The status of a partnership as a limited liability partnership is effective on the later of the filing of the statement or a date specified in the statement. The status remains effective, regardless of changes in the partnership, until the statement is canceled pursuant to section 486.105, subsection 4.
6. The status of a partnership as a limited liability partnership and the liability of its partners is not affected

by errors or later changes in the information required to be contained in the statement of qualification under subsection 3.

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

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

Sec. 54. NEW SECTION. 486.1002 NAME.

The name of a limited liability partnership must end with "Registered Limited Liability Partnership", "Limited Liability Partnership", "R.L.L.P.", "L.L.P.", "RLLP", or "LLP".

ARTICLE 11

FOREIGN LIMITED LIABILITY PARTNERSHIP

Sec. 55. NEW SECTION. 486.1101 LAW GOVERNING FOREIGN LIMITED LIABILITY PARTNERSHIP.

1. The law under which a foreign limited liability partnership is formed governs relations among the partners and between the partners and the partnership and the liability of partners for obligations of the partnership.

2. A foreign limited liability partnership may not be denied a statement of foreign qualification by reason of any difference between the law under which the partnership was formed and the law of this state.

3. A statement of foreign qualification does not authorize a foreign limited liability partnership to engage in any business or exercise any power that a partnership may not engage in or exercise in this state as a limited liability partnership.

Sec. 56. NEW SECTION. 486.1102 STATEMENT OF FOREIGN QUALIFICATION.

1. Before transacting business in this state, a foreign limited liability partnership must file a statement of foreign qualification. The statement must contain all of the following:

a. The name of the foreign limited liability partnership which satisfies the requirements of the state or other jurisdiction under whose law it is formed and ends with "Registered Limited Liability Partnership", "Limited Liability Partnership", "R.L.L.P.", "L.L.P.", "RLLP", or "LLP".

b. The street address of the partnership's chief executive office and, if different, the street address of an office of the partnership in this state, if any.

c. If there is no office of the partnership in this state, the name and street address of the partnership's agent for service of process.

d. A deferred effective date, if any.

2. The agent of a foreign limited liability company for service of process must be an individual who is a resident of this state or other person authorized to do business in this state.

3. The status of a partnership as a foreign limited liability partnership is effective on the later of the filing of the statement of foreign qualification or a date specified in the statement. The status remains effective, regardless of changes in the partnership, until it is canceled pursuant to section 486.105, subsection 4.

4. An amendment or cancellation of a statement of foreign qualification is effective when it is filed or on a deferred effective date specified in the amendment or cancellation.

Sec. 57. NEW SECTION. 486.1103 EFFECT OF FAILURE TO QUALIFY.

1. A foreign limited liability partnership transacting business in this state may not maintain an action or proceeding in this state unless it has in effect a statement of foreign qualification.

2. The failure of a foreign limited liability partnership to have in effect a statement of foreign qualification does not impair the validity of a contract or act of the foreign limited liability partnership or preclude it from defending an action or proceeding in this state.

3. A limitation on personal liability of a partner is not waived solely by transacting business in this state without a statement of foreign qualification.

4. If a foreign limited liability partnership transacts business in this state without a statement of foreign qualification, the secretary of state is its agent for service of process with respect to a right of action arising out of the transaction of business in this state.

Sec. 58. NEW SECTION. 486.1104 ACTIVITIES NOT CONSTITUTING TRANSACTING BUSINESS.

1. Activities of a foreign limited liability partnership which do not constitute transacting business for the purpose of this article include all of the following:

- a. Maintaining, defending, or settling an action or proceeding.
- b. Holding meetings of its partners or carrying on any other activity concerning its internal affairs.
- c. Maintaining bank accounts.
- d. Maintaining offices or agencies for the transfer, exchange, and registration of the partnership's own securities or maintaining trustees or depositories with respect to those securities.
- e. Selling through independent contracts.
- f. Soliciting or obtaining orders, whether by mail or through employees or agents or otherwise, if the orders require acceptance outside this state before they become contracts.
- g. Creating or acquiring indebtedness, with or without a mortgage, or other security interest in property.
- h. Collecting debts or foreclosing mortgages or other security interests in property securing the debts, and holding, protecting, and maintaining property so acquired.
- i. Conducting an isolated transaction that is completed within thirty days and is not one in the course of similar transactions.
- j. Transacting business in interstate commerce.

2. For purposes of this article, the ownership in this state of income-producing real property or tangible personal property, other than property excluded under subsection 1, constitutes transacting business in this state.

3. This section does not apply in determining the contracts or activities that may subject a foreign limited liability partnership to service of process, taxation, or regulation under any other law of this state.

Sec. 59. NEW SECTION. 486.1105 ACTION BY ATTORNEY GENERAL.

The attorney general may maintain an action to restrain a foreign limited liability partnership from transacting business in this state in violation of this article.

ARTICLE 12

FILING PROVISIONS

Sec. 60. NEW SECTION. 486.1201 FILING REQUIREMENTS.

1. A document shall satisfy the requirements of this section, and of any other section that adds to or varies these requirements, to be entitled to filing.
2. The document shall be filed in the office of the secretary of state.
3. The document shall contain the information required by this chapter. The document may contain other information as well.
4. The document shall be typewritten or printed. The typewritten or printed portion shall be black. Manually signed photocopies, or other reproduced copies, including facsimiles or other electronically or computer-generated copies of typewritten or printed documents may be filed.
5. The document shall be in the English language. A limited partnership name need not be in English if written in English letters or arabic or roman numerals.
6. Except as otherwise provided in this chapter, the document shall be executed by one of the following methods:
  - a. By two or more partners.

b. By a person authorized under this chapter, the partnership agreement, or other law to execute the document.

c. If the partnership is in the hands of a receiver, trustee, or other court-appointed fiduciary, by such receiver, trustee, or fiduciary.

d. If the document is that of a registered agent, by the registered agent, if the person is an individual, or by a person authorized by the registered agent to execute the document, if the registered agent is an entity.

7. The person executing the document shall sign it and state beneath or opposite the person's signature, the person's name and the capacity in which the person signs. The secretary of state may accept for filing a document containing a copy of a signature, however made.

8. If, pursuant to any provision of this chapter, the secretary of state has prescribed a mandatory form for the document, the document shall be in or on the prescribed form.

9. The document shall be delivered to the office of the secretary of state for filing and shall be accompanied by the correct filing fee.

10. The secretary of state may adopt rules for the electronic filing of documents and the certification of electronically filed documents.

Sec. 61. NEW SECTION. 486.1202 FEES.

1. The secretary of state shall collect fees for documents described in this subsection which are delivered to the secretary's office for filing as follows:

DOCUMENT	FEE
a. Statement of qualification .....	\$ 50
b. Statement of foreign qualification .....	\$100
c. Amendment to statement of qualification .....	\$ 20
d. Amendment to statement of foreign qualification ..	\$ 20
e. Cancellation of statement of qualification .....	\$ 20
f. Cancellation of statement of foreign qualification .....	\$ 20
g. Application for certificate of existence or	

qualification ..... \$ 5

h. Any other statement or document required or permitted to be filed ..... \$ 5

2. The secretary of state shall collect a fee of five dollars each time process is served on the secretary under this chapter. The party to a proceeding causing service of process is entitled to recover this fee as costs if the party prevails in the proceeding.

3. The secretary of state shall collect fees for copying and certifying the copy of any filed document relating to a domestic or foreign partnership as follows:

- a. One dollar a page for copying.
- b. Five dollars for the certificate.

Sec. 62. NEW SECTION. 486.1203 EFFECTIVE TIME AND DATE OF DOCUMENTS.

1. Except as provided in subsection 2 and section 486.1204, subsection 3, a document accepted for filing is effective at the later of the following:

- a. At the time of filing on the date it is filed, as evidenced by the secretary of state's date and time endorsement on the original document.
- b. At the time specified in the document as its effective time on the date it is filed.

2. A document may specify a delayed effective time and date, and if it does so the document becomes effective at the time and date specified. If a delayed effective date but no time is specified, the document is effective at the close of business on that date. A delayed effective date for a document shall not be later than the ninetieth day after the date it is filed.

Sec. 63. NEW SECTION. 486.1204 CORRECTING FILED DOCUMENTS.

1. A partnership may correct a document filed by the secretary of state if the document satisfies one or both of the following:

- a. The document contains an incorrect statement.

b. The document was defectively executed, attested, sealed, verified, or acknowledged.

2. A document is corrected by complying with both of the following:

a. By preparing a statement of correction that satisfies all of the following:

(1) The statement describes the document, including its filing date, or a copy of the document is attached to the statement.

(2) The statement specifies the incorrect statement and the reason it is incorrect or the manner in which the execution was defective.

(3) The statement corrects the incorrect statement or defective execution.

b. By delivering the statement to the secretary of state for filing.

3. Statements of corrections are effective on the effective date of the document they correct except as to persons relying on the uncorrected document and adversely affected by the correction. As to those persons, statements of correction are effective when filed.

Sec. 64. NEW SECTION. 486.1205 FILING DUTY OF SECRETARY OF STATE.

1. If a document delivered to the office of the secretary of state for filing satisfies the requirements of section 486.1201, the secretary of state shall file it and issue any necessary certificate.

2. The secretary of state files a document by stamping or otherwise endorsing "filed", together with the secretary of state's name and official title and the date and time of receipt, on both the document and the receipt for the filing fee. After filing a document, and except as provided in sections 486.304 and 486.1213, the secretary of state shall deliver the document, with the filing fee receipt, or acknowledgment of receipt if no fee is required, attached, to the domestic or foreign partnership or its representative.

3. If the secretary of state refuses to file a document, the secretary of state shall return it to the domestic or foreign partnership or its representative within ten days after the document was received by the secretary of state, together with a brief, written explanation of the reason for the refusal.

4. The secretary of state's duty to file documents under this section is ministerial. Filing or refusing to file a document does not do any of the following:

a. Affect the validity or invalidity of the document in whole or part.

b. Relate to the correctness or incorrectness of information contained in the document.

c. Create a presumption that the document is valid or invalid or that information contained in the document is correct or incorrect.

Sec. 65. NEW SECTION. 486.1206 APPEAL FROM SECRETARY OF STATE'S REFUSAL TO FILE DOCUMENT.

1. If the secretary of state refuses to file a document delivered to the secretary of state's office for filing, the domestic or foreign partnership may appeal the refusal, within thirty days after the return of the document, to the district court for the county in which the partnership's principal office is located or, if none is located in this state, for the county in which its registered office is or will be located. The appeal is commenced by petitioning the court to compel filing the document and by attaching to the petition the document and the secretary of state's explanation of the refusal to file.

2. The court may summarily order the secretary of state to file the document or take other action the court considers appropriate.

3. The court's final decision may be appealed as in other civil proceedings.

Sec. 66. NEW SECTION. 486.1207 EVIDENTIARY EFFECT OF COPY OF FILED DOCUMENT.

A certificate attached to a copy of a document filed by the secretary of state, bearing the secretary of state's signature, which may be in facsimile, and the seal of the secretary of state, is conclusive evidence that the original document is on file with the secretary of state.

Sec. 67. NEW SECTION. 486.1208 CERTIFICATES ISSUED BY SECRETARY OF STATE.

1. The secretary of state shall issue to any person, upon request, a certificate that sets forth any facts recorded in the office of the secretary of state.
2. A certificate issued by the secretary of state may be relied upon, subject to any qualification stated in the certificate, as prima facie evidence of the facts set forth in the certificate.

Sec. 68. NEW SECTION. 486.1209 PENALTY FOR SIGNING FALSE DOCUMENT.

1. A person commits an offense if that person signs a document the person knows is false in any material respect with intent that the document be delivered to the secretary of state for filing.
2. An offense under this section is a serious misdemeanor punishable by a fine not to exceed one thousand dollars.

Sec. 69. NEW SECTION. 486.1210 SECRETARY OF STATE POWERS.

The secretary of state has the power reasonably necessary to perform the duties required of the secretary of state by this chapter.

Sec. 70. NEW SECTION. 486.1211 REGISTERED OFFICE AND REGISTERED AGENT.

Each partnership that is qualified under section 486.1001 shall continuously maintain in this state the following:

1. A registered office.
2. A registered agent, who is one of the following:
  - a. An individual who resides in this state and whose business office is identical with the registered office.

b. A domestic corporation whose business office is identical with the registered office.

c. A foreign corporation authorized to transact business in this state whose business office is identical with the registered office.

Sec. 71. NEW SECTION. 486.1212 CHANGE OF REGISTERED OFFICE OR REGISTERED AGENT.

1. A partnership may change its registered office or registered agent by delivering to the secretary of state for filing a statement of change that sets forth all of the following:

- a. The name of the partnership.
- b. The street address of its current registered office.
- c. If the registered office is to be changed, the street address of the new registered office.
- d. The name of its current registered agent.
- e. If the registered agent is to be changed, the name of the new registered agent and the new registered agent's written consent to the appointment, either on the statement of change or in an accompanying document.
- f. That, after the change or changes are made, the street addresses of its registered office and of the business office of its registered agent will be identical.

2. If a registered agent changes the street address of the registered agent's business office, the registered agent may change the street address of the registered office of any partnership for which the registered agent is the registered agent by giving written notice to the partnership of the change and executing, either manually or in facsimile, and delivering to the secretary of state for filing a statement of change that complies with the requirements of subsection 1 and recites that notice of the change has been given to the partnership.

Sec. 72. NEW SECTION. 486.1213 RESIGNATION OF REGISTERED AGENT.

1. The registered agent of a partnership may resign the agency by delivering to the secretary of state for filing a statement of resignation, which shall be accompanied by two exact or conformed copies of such statement. The statement of resignation may include a statement that the registered office is also discontinued.

2. After filing the statement of resignation, the secretary of state shall deliver one copy to the registered office of the partnership and the other copy to the chief executive office of the partnership.

3. The agency appointment is terminated, and the registered office discontinued if so provided, on the thirty-first day after the date on which the statement of resignation was filed.

Sec. 73. NEW SECTION. 486.1214 SERVICE ON PARTNERSHIP.

1. A partnership's registered agent is the partnership's agent for service of any process, notice, or demand required or permitted by law to be served on the partnership.

2. If a partnership has no registered agent, or the registered agent cannot with reasonable diligence be served, the partnership may be served by registered or certified mail, return receipt requested, addressed to the partnership at its chief executive office. Service is perfected under this subsection at the earliest of the following:

- a. The date the partnership receives the process, notice, or demand.
- b. The date shown on the return receipt, if signed on behalf of the partnership.
- c. Five days after mailing.

3. This section does not prescribe the only means, or necessarily the required means, of serving a partnership.

ARTICLE 13

MISCELLANEOUS PROVISIONS

Sec. 74. NEW SECTION. 486.1301 UNIFORMITY OF APPLICATION AND CONSTRUCTION.

This chapter shall be applied and construed to effectuate its general purpose to make uniform the law with respect to the subject of this chapter among states enacting it.

Sec. 75. NEW SECTION. 486.1302 SHORT TITLE.

This chapter may be cited as the "Uniform Partnership Act".

Sec. 76. SEVERABILITY CLAUSE. If any provision of this chapter or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable.

Sec. 77. SAVINGS CLAUSE. This Act does not affect an action or proceeding commenced or right accrued before this Act takes effect.

Sec. 78. Chapter 486, Code and Code Supplement 1997, is repealed effective January 1, 2001.

Sec. 79. APPLICABILITY.

1. Prior to January 1, 2001, this Act applies to a partnership formed as follows:

a. On or after January 1, 1999, except a partnership that is continuing the business of a dissolved partnership under section 486.41.

b. Prior to January 1, 2001, if such partnership elects, as provided in subsection 3, to be governed by this Act.

2. On or after January 1, 2001, this Act applies to all partnerships.

3. Prior to January 1, 2001, a partnership, in the manner provided in its partnership agreement or by law for amending the partnership agreement, may voluntarily elect to be governed by this Act. The provisions of this Act relating to the liability of the partnerships' partners to third parties apply to limit those partners' liability to a third party who had done business with the partnership within one year before the partnership's election to be governed by this Act only if the third party knows or has received a notification of the partnership's election to be governed by this Act.



Sec. 80. CODE EDITOR DIRECTIVE. In order to distinguish between chapter 486, Code and Code Supplement 1997, which is not repealed until January 1, 2001, and which will appear in Code 1999, and the new sections of chapter 486 which are created by this Act, which are effective January 1, 1999, and which will also appear in Code 1999, the Code editor shall codify the new sections of chapter 486, as enacted by this Act, as a new chapter 486A.

Sec. 81. EFFECTIVE DATE. Section 80 of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 82. EFFECTIVE DATE. This Act takes effect January 1, 1999.

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MARY E. KRAMER  
President of the Senate

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RON J. CORBETT  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2311, Seventy-seventh General Assembly.

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MARY PAT GUNDERSON  
Secretary of the Senate

Approved May 19, 1998

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TERRY E. BRANSTAD  
Governor