

Senate Study Bill 50

Bill Text

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1 1 ARTICLE 1
1 2 GENERAL PROVISIONS
1 3 Section 1. NEW SECTION. 486.101 DEFINITIONS.
1 4 As used in this chapter, unless the context otherwise
1 5 requires:
1 6 1. "Business" includes every trade, occupation, and
1 7 profession.
1 8 2. "Debtor in bankruptcy" means a person who is the
1 9 subject of any of the following:
1 10 a. An order for relief under Title 11 of the United States
1 11 Code or a comparable order under a successor statute of
1 12 general application.
1 13 b. A comparable order under federal, state, or foreign law
1 14 governing insolvency.
1 15 3. "Distribution" means a transfer of money or other
1 16 property from a partnership to a partner in the partner's
1 17 capacity as a partner or to the partner's transferee.
1 18 4. "Foreign limited liability partnership" means a
1 19 partnership that satisfies both of the following:
1 20 a. The partnership is formed under laws other than the
1 21 laws of this state.
1 22 b. The partnership has the status of a limited liability
1 23 partnership under those laws.
1 24 5. "Limited liability partnership" means a partnership
1 25 that has filed a statement of qualification under section
1 26 486.1001 and does not have a similar statement in effect in
1 27 any other jurisdiction.
1 28 6. "Partnership" means an association of two or more
1 29 persons to carry on as co-owners a business for profit formed
1 30 under section 486.202, predecessor law, or comparable law of
1 31 another jurisdiction.
1 32 7. "Partnership agreement" means the agreement, whether
1 33 written, oral, or implied, among the partners concerning the
1 34 partnership, including amendments to the partnership
1 35 agreement.
2 1 8. "Partnership at will" means a partnership in which the
2 2 partners have not agreed to remain partners until the
2 3 expiration of a definite term or the completion of a
2 4 particular undertaking.
2 5 9. "Partnership interest" or "partner's interest in the
2 6 partnership" means all of a partner's interests in the
2 7 partnership, including the partner's transferable interest and
2 8 all management and other rights.
2 9 10. "Person" means an individual, corporation, business
2 10 trust, estate, trust, partnership, association, joint venture,
2 11 government, governmental subdivision, agency, or
2 12 instrumentality, or any other legal or commercial entity.
2 13 11. "Property" means all property, real, personal, or
2 14 mixed, tangible or intangible, or any interest therein.
2 15 12. "State" means a state of the United States, the
2 16 District of Columbia, the Commonwealth of Puerto Rico, or any
2 17 territory or insular possession subject to the jurisdiction of
2 18 the United States.
2 19 13. "Statement" means a statement of partnership authority
2 20 under section 486.303, a statement of denial under section
2 21 486.304, a statement of dissociation under section 486.704, a

2 22 statement of dissolution under section 486.805, a statement of
2 23 merger under section 486.907, a statement of qualification
2 24 under section 486.1001, a statement of foreign qualification
2 25 under section 486.1102, or an amendment or cancellation of any
2 26 of the foregoing.

2 27 14. "Transfer" includes an assignment, conveyance, lease,
2 28 mortgage, deed, and encumbrance.

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

2 30 1. A person knows a fact if the person has actual
2 31 knowledge of it.

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

2 34 a. The person knows of it.

2 35 b. The person has received a notification of it.

3 1 c. The person has reason to know it exists from all of the
3 2 facts known to the person at the time in question.

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

3 6 4. A person receives a notification when any of the
3 7 following occur:

3 8 a. The notification comes to the person's attention.

3 9 b. The notification is duly delivered at the person's
3 10 place of business or at any other place held out by the person
3 11 as a place for receiving communications.

3 12 5. Except as otherwise provided in subsection 6, a person
3 13 other than an individual knows, has notice, or receives a
3 14 notification of a fact for purposes of a particular
3 15 transaction when the individual conducting the transaction
3 16 knows, has notice, or receives a notification of the fact, or
3 17 in any event when the fact would have been brought to the
3 18 individual's attention if the person had exercised reasonable
3 19 diligence. The person exercises reasonable diligence if the
3 20 person maintains reasonable routines for communicating
3 21 significant information to the individual conducting the
3 22 transaction and there is reasonable compliance with the
3 23 routines. Reasonable diligence does not require an individual
3 24 acting for the person to communicate information unless the
3 25 communication is part of the individual's regular duties or
3 26 the individual has reason to know of the transaction and that
3 27 the transaction would be materially affected by the
3 28 information.

3 29 6. A partner's knowledge, notice, or receipt of a
3 30 notification of a fact relating to the partnership is
3 31 effective immediately as knowledge by, notice to, or receipt
3 32 of a notification by the partnership, except in the case of a
3 33 fraud on the partnership committed by or with the consent of
3 34 that partner.

3 35 Sec. 3. NEW SECTION. 486.103 EFFECT OF PARTNERSHIP
4 1 AGREEMENT - NONWAIVABLE PROVISIONS.

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

4 8 2. The partnership agreement shall not do any of the
4 9 following:

4 10 a. Vary the rights and duties under section 486.105 except
4 11 to eliminate the duty to provide copies of statements to all
4 12 of the partners.

4 13 b. Unreasonably restrict the right of access to books and
4 14 records under section 486.403, subsection 2.

4 15 c. Eliminate the duty of loyalty under section 486.404,
4 16 subsection 2, or 486.603, subsection 2, paragraph "c", except
4 17 as follows:

4 18 (1) The partnership agreement may identify specific types

4 19 or categories of activities that do not violate the duty of
4 20 loyalty, if not manifestly unreasonable.

4 21 (2) All of the partners or a number or percentage
4 22 specified in the partnership agreement may authorize or
4 23 ratify, after full disclosure of all material facts, a
4 24 specific act or transaction that otherwise would violate the
4 25 duty of loyalty.

4 26 d. Unreasonably reduce the duty of care under section
4 27 486.404, subsection 3, or 486.603, subsection 2, paragraph
4 28 "c".

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

4 34 f. Vary the power to dissociate as a partner under section
4 35 486.602, subsection 1, except to require the notice under
5 1 section 486.601, subsection 1, to be in writing.

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

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

5 7 i. Vary the law applicable to a limited liability
5 8 partnership under section 486.106, subsection 2.

5 9 j. Restrict rights of third parties under this chapter.

5 10 Sec. 4. NEW SECTION. 486.104 SUPPLEMENTAL PRINCIPLES OF
5 11 LAW.

5 12 1. Unless displaced by particular provisions of this
5 13 chapter, the principles of law and equity supplement this
5 14 chapter.

5 15 2. If an obligation to pay interest arises under this
5 16 chapter and the rate is not specified, the rate is that
5 17 specified in section 535.3.

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

5 20 1. A statement may be filed in the office of the secretary
5 21 of state. A certified copy of a statement that is filed in an
5 22 office in another state may be filed in the office of the
5 23 secretary of state. Either filing has the effect provided in
5 24 this chapter with respect to partnership property located in
5 25 or transactions that occur in this state.

5 26 2. A certified copy of a statement that has been filed in
5 27 the office of the secretary of state and recorded in the
5 28 office for recording transfers of real property has the effect
5 29 provided for recorded statements in this chapter. A recorded
5 30 statement that is not a certified copy of a statement filed in
5 31 the office of the secretary of state does not have the effect
5 32 provided for recorded statements in this chapter.

5 33 3. A statement filed by a partnership must be executed by
5 34 at least two partners. Other statements must be executed by a
5 35 partner or other person authorized by this chapter. An
6 1 individual who executes a statement as, or on behalf of, a
6 2 partner or other person named as a partner in a statement
6 3 shall personally declare under penalty of perjury that the
6 4 contents of the statement are accurate.

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

6 10 5. A person who files a statement pursuant to this section
6 11 shall promptly send a copy of the statement to every nonfiling
6 12 partner and to any other person named as a partner in the
6 13 statement. Failure to send a copy of a statement to a partner
6 14 or other person does not limit the effectiveness of the
6 15 statement as to a person not a partner.

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

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

6 20 1. Except as otherwise provided in subsection 2, the law
6 21 of the jurisdiction in which a partnership has its chief
6 22 executive office governs relations among the partners and
6 23 between the partners and the partnership.

6 24 2. The law of this state governs relations among the
6 25 partners and the partnership and the liability of partners for
6 26 an obligation of a limited liability partnership.

6 27 Sec. 7. NEW SECTION. 486.107 PARTNERSHIP SUBJECT TO
6 28 AMENDMENT OR REPEAL OF CHAPTER.

6 29 A partnership governed by this chapter is subject to any
6 30 amendment to or repeal of this chapter.

6 31 ARTICLE 2

6 32 NATURE OF PARTNERSHIP

6 33 Sec. 8. NEW SECTION. 486.201 PARTNERSHIP AS ENTITY.

6 34 1. A partnership is an entity distinct from its partners.

6 35 2. A limited liability partnership continues to be the
7 1 same entity that existed before the filing of a statement of
7 2 qualification under section 486.1001.

7 3 Sec. 9. NEW SECTION. 486.202 FORMATION OF PARTNERSHIP.

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

7 8 2. An association formed under a statute other than this
7 9 chapter, a predecessor statute, or a comparable statute of
7 10 another jurisdiction is not a partnership under this chapter.

7 11 3. In determining whether a partnership is formed, the
7 12 following rules apply:

7 13 a. Joint tenancy, tenancy in common, tenancy by the
7 14 entireties, joint property, common property, or part ownership
7 15 does not by itself establish a partnership, even if the co-
7 16 owners share profits made by the use of the property.

7 17 b. The sharing of gross returns does not by itself
7 18 establish a partnership, even if the persons sharing them have
7 19 a joint or common right or interest in property from which the
7 20 returns are derived.

7 21 c. A person who receives a share of the profits of a
7 22 business is presumed to be a partner in the business, unless
7 23 the profits were received in payment of or for any of the
7 24 following:

7 25 (1) Of a debt by installments or otherwise.

7 26 (2) For services as an independent contractor or of wages
7 27 or other compensation to an employee.

7 28 (3) Of rent.

7 29 (4) Of an annuity or other retirement or health benefit to
7 30 a beneficiary, representative, or designee of a deceased or
7 31 retired partner.

7 32 (5) Of interest or other charge on a loan, even if the
7 33 amount of payment varies with the profits of the business,
7 34 including a direct or indirect present or future ownership of
7 35 the collateral, or rights to income, proceeds, or increase in
8 1 value derived from the collateral.

8 2 (6) For the sale of the goodwill of a business or other
8 3 property by installments or otherwise.

8 4 Sec. 10. NEW SECTION. 486.203 PARTNERSHIP PROPERTY.

8 5 Property acquired by a partnership is property of the
8 6 partnership and not of the partners individually.

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

8 9 1. Property is partnership property if acquired in the
8 10 name of any of the following:

8 11 a. The partnership.

8 12 b. One or more partners with an indication in the

8 13 instrument transferring title to the property of the person's
8 14 capacity as a partner or of the existence of a partnership but
8 15 without an indication of the name of the partnership.

8 16 2. Property is acquired in the name of the partnership by
8 17 a transfer to any of the following:

8 18 a. The partnership in its name.

8 19 b. One or more partners in their capacity as partners in
8 20 the partnership, if the name of the partnership is indicated
8 21 in the instrument transferring title to the property.

8 22 3. Property is presumed to be partnership property if
8 23 purchased with partnership assets, even if not acquired in the
8 24 name of the partnership or of one or more partners with an
8 25 indication in the instrument transferring title to the
8 26 property of the person's capacity as a partner or of the
8 27 existence of a partnership.

8 28 4. Property acquired in the name of one or more of the
8 29 partners, without an indication in the instrument transferring
8 30 title to the property of the person's capacity as a partner or
8 31 of the existence of a partnership and without use of
8 32 partnership assets, is presumed to be separate property, even
8 33 if used for partnership purposes.

8 34 ARTICLE 3

8 35 RELATIONS OF PARTNERS TO

9 1 PERSONS DEALING WITH PARTNERSHIP

9 2 Sec. 12. NEW SECTION. 486.301 PARTNER AGENT OF
9 3 PARTNERSHIP.

9 4 Subject to the effect of a statement of partnership
9 5 authority under section 486.303:

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

9 15 2. An act of a partner which is not apparently for
9 16 carrying on in the ordinary course the partnership business or
9 17 business of the kind carried on by the partnership binds the
9 18 partnership only if the act was authorized by the other
9 19 partners.

9 20 Sec. 13. NEW SECTION. 486.302 TRANSFER OF PARTNERSHIP
9 21 PROPERTY.

9 22 1. Partnership property may be transferred as follows:

9 23 a. Subject to the effect of a statement of partnership
9 24 authority under section 486.303, partnership property held in
9 25 the name of the partnership may be transferred by an
9 26 instrument of transfer executed by a partner in the
9 27 partnership name.

9 28 b. Partnership property held in the name of one or more
9 29 partners with an indication in the instrument transferring the
9 30 property to the partners of their capacity as partners or of
9 31 the existence of a partnership, but without an indication of
9 32 the name of the partnership, may be transferred by an
9 33 instrument of transfer executed by the persons in whose name
9 34 the property is held.

9 35 c. Partnership property held in the name of one or more
10 1 persons other than the partnership, without an indication in
10 2 the instrument transferring the property to the partners of
10 3 their capacity as partners or of the existence of a
10 4 partnership, may be transferred by an instrument of transfer
10 5 executed by the persons in whose name the property is held.

10 6 2. A partnership may recover partnership property from a
10 7 transferee only if it proves that execution of the instrument
10 8 of initial transfer did not bind the partnership under section
10 9 486.301 and if one of the following applies:

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

10 16 b. As to a transferee who gave value for property
10 17 transferred under subsection 1, paragraph "c", proves that the
10 18 transferee knew or had received a notification that the
10 19 property was partnership property and that the person who
10 20 executed the instrument of initial transfer lacked authority
10 21 to bind the partnership.

10 22 3. A partnership shall not recover partnership property
10 23 from a subsequent transferee if the partnership would not have
10 24 been entitled to recover the property, under subsection 2,
10 25 from any earlier transferee of the property.

10 26 4. If a person holds all of the partners' interests in the
10 27 partnership, all of the partnership property vests in that
10 28 person. The person may execute a document in the name of the
10 29 partnership to evidence vesting of the property in that person
10 30 and may file or record the document.

10 31 Sec. 14. NEW SECTION. 486.303 STATEMENT OF PARTNERSHIP
10 32 AUTHORITY.

10 33 1. A partnership may file a statement of partnership
10 34 authority as provided in this subsection.

10 35 a. The statement of partnership authority must include all
11 1 of the following:

11 2 (1) The name of the partnership.

11 3 (2) The street address of its chief executive office and
11 4 of one office in this state, if there is one.

11 5 (3) The names and mailing addresses of all of the partners
11 6 or of an agent appointed and maintained by the partnership for
11 7 the purpose of subsection 2.

11 8 (4) The names of the partners authorized to execute an
11 9 instrument transferring real property held in the name of the
11 10 partnership.

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

11 15 2. If a statement of partnership authority names an agent,
11 16 the agent shall maintain a list of the names and mailing
11 17 addresses of all of the partners and make it available to any
11 18 person on request for good cause shown.

11 19 3. If a filed statement of partnership authority is
11 20 executed pursuant to section 486.105, subsection 3, and states
11 21 the name of the partnership but does not contain all of the
11 22 other information required by subsection 1, the statement
11 23 nevertheless operates with respect to a person not a partner
11 24 as provided in subsections 4 and 5.

11 25 4. Except as otherwise provided in subsection 7, a filed
11 26 statement of partnership authority supplements the authority
11 27 of a partner to enter into transactions on behalf of the
11 28 partnership as follows:

11 29 a. Except for transfers of real property, a grant of
11 30 authority contained in a filed statement of partnership
11 31 authority is conclusive in favor of a person who gives value
11 32 without knowledge to the contrary, so long as and to the
11 33 extent that a limitation on that authority is not then
11 34 contained in another filed statement. A filed cancellation of
11 35 a limitation on authority revives the previous grant of
12 1 authority.

12 2 b. A grant of authority to transfer real property held in
12 3 the name of the partnership contained in a certified copy of a
12 4 filed statement of partnership authority recorded in the
12 5 office for recording transfers of that real property is
12 6 conclusive in favor of a person who gives value without

12 7 knowledge to the contrary, so long as and to the extent that a
12 8 certified copy of a filed statement containing a limitation on
12 9 that authority is not then of record in the office for
12 10 recording transfers of that real property. The recording in
12 11 the office for recording transfers of that real property of a
12 12 certified copy of a filed cancellation of a limitation on
12 13 authority revives the previous grant of authority.

12 14 5. A person not a partner is deemed to know of a
12 15 limitation on the authority of a partner to transfer real
12 16 property held in the name of the partnership if a certified
12 17 copy of the filed statement containing the limitation on
12 18 authority is of record in the office for recording transfers
12 19 of that real property.

12 20 6. Except as otherwise provided in subsections 4 and 5 and
12 21 sections 486.704 and 486.805, a person not a partner is not
12 22 deemed to know of a limitation on the authority of a partner
12 23 merely because the limitation is contained in a filed
12 24 statement.

12 25 7. Unless earlier canceled, a filed statement of
12 26 partnership authority is canceled by operation of law five
12 27 years after the date on which the statement, or the most
12 28 recent amendment, was filed with the secretary of state.

12 29 Sec. 15. NEW SECTION. 486.304 STATEMENT OF DENIAL.

12 30 A partner or other person named as a partner in a filed
12 31 statement of partnership authority or in a list maintained by
12 32 an agent pursuant to section 486.303, subsection 2, may file a
12 33 statement of denial stating the name of the partnership and
12 34 the fact that is being denied, which may include denial of a
12 35 person's authority or status as a partner. A statement of
13 1 denial is a limitation on authority as provided in section
13 2 486.303, subsections 4 and 5.

13 3 Sec. 16. NEW SECTION. 486.305 PARTNERSHIP LIABLE FOR
13 4 PARTNER'S ACTIONABLE CONDUCT.

13 5 1. A partnership is liable for loss or injury caused to a
13 6 person, or for a penalty incurred, as a result of a wrongful
13 7 act or omission, or other actionable conduct, of a partner
13 8 acting in the ordinary course of business of the partnership
13 9 or with authority of the partnership.

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

13 16 Sec. 17. NEW SECTION. 486.306 PARTNER'S LIABILITY.

13 17 1. Except as otherwise provided in subsections 2 and 3,
13 18 all partners are liable jointly and severally for all
13 19 obligations of the partnership unless otherwise agreed by the
13 20 claimant or provided by law.

13 21 2. A person admitted as a partner into an existing
13 22 partnership is not personally liable for any partnership
13 23 obligation incurred before the person's admission as a
13 24 partner.

13 25 3. An obligation of a partnership incurred while the
13 26 partnership is a limited liability partnership, whether
13 27 arising in contract, tort, or otherwise, is solely the
13 28 obligation of the partnership. A partner is not personally
13 29 liable, directly or indirectly, by way of contribution or
13 30 otherwise, for such an obligation solely by reason of being or
13 31 so acting as a partner. This subsection applies
13 32 notwithstanding anything inconsistent in the partnership
13 33 agreement that existed immediately before the vote required to
13 34 become a limited liability partnership under section 486.1001,
13 35 subsection 2.

14 1 Sec. 18. NEW SECTION. 486.307 ACTIONS BY AND AGAINST
14 2 PARTNERSHIP AND PARTNERS.

14 3 1. A partnership may sue and be sued in the name of the

14 4 partnership.

14 5 2. An action may be brought against the partnership and,
14 6 to the extent not inconsistent with section 486.306, any or
14 7 all of the partners in the same action or in separate actions.

14 8 3. A judgment against a partnership is not by itself a
14 9 judgment against a partner. A judgment against a partnership
14 10 shall not be satisfied from a partner's assets unless there is
14 11 also a judgment against the partner.

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

14 17 a. A judgment based on the same claim has been obtained
14 18 against the partnership and a writ of execution on the
14 19 judgment has been returned unsatisfied in whole or in part.

14 20 b. The partnership is a debtor in bankruptcy.

14 21 c. The partner has agreed that the creditor need not
14 22 exhaust partnership assets.

14 23 d. A court grants permission to the judgment creditor to
14 24 levy execution against the assets of a partner based on a
14 25 finding that partnership assets subject to execution are
14 26 clearly insufficient to satisfy the judgment, that exhaustion
14 27 of partnership assets is excessively burdensome, or that the
14 28 grant of permission is an appropriate exercise of the court's
14 29 equitable powers.

14 30 e. Liability is imposed on the partner by law or contract
14 31 independent of the existence of the partnership.

14 32 5. This section applies to any partnership liability or
14 33 obligation resulting from a representation by a partner or
14 34 purported partner under section 486.308.

14 35 Sec. 19. NEW SECTION. 486.308 LIABILITY OF PURPORTED
15 1 PARTNER.

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

15 19 2. If a person is thus represented to be a partner in an
15 20 existing partnership, or with one or more persons not
15 21 partners, the purported partner is an agent of persons
15 22 consenting to the representation to bind the persons to the
15 23 same extent and in the same manner as if the purported partner
15 24 were a partner, with respect to persons who enter into
15 25 transactions in reliance upon the representation. If all of
15 26 the partners of the existing partnership consent to the
15 27 representation, a partnership act or obligation results. If
15 28 fewer than all of the partners of the existing partnership
15 29 consent to the representation, the person acting and the
15 30 partners consenting to the representation are jointly and
15 31 severally liable.

15 32 3. A person is not liable as a partner merely because the
15 33 person is named by another in a statement of partnership
15 34 authority.

15 35 4. A person does not continue to be liable as a partner

16 1 merely because of a failure to file a statement of
16 2 dissociation or to amend a statement of partnership authority
16 3 to indicate the partner's dissociation from the partnership.
16 4 5. Except as otherwise provided in subsections 1 and 2,
16 5 persons who are not partners as to each other are not liable
16 6 as partners to other persons.

16 7 ARTICLE 4

16 8 RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

16 9 Sec. 20. NEW SECTION. 486.401 PARTNER'S RIGHTS AND

16 10 DUTIES.

16 11 1. Each partner is deemed to have an account subject to
16 12 the following:

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

16 17 b. The account is charged with an amount equal to the
16 18 money plus the value of any other property, net of the amount
16 19 of any liabilities, distributed by the partnership to the
16 20 partner and the partner's share of the partnership losses.

16 21 2. Each partner is entitled to an equal share of the
16 22 partnership profits and is chargeable with a share of the
16 23 partnership losses in proportion to the partner's share of the
16 24 profits.

16 25 3. A partnership shall reimburse a partner for payments
16 26 made and indemnify a partner for liabilities incurred by the
16 27 partner in the ordinary course of the business of the
16 28 partnership or for the preservation of its business or
16 29 property.

16 30 4. A partnership shall reimburse a partner for an advance
16 31 to the partnership beyond the amount of capital the partner
16 32 agreed to contribute.

16 33 5. A payment or advance made by a partner which gives rise
16 34 to a partnership obligation under subsection 3 or 4
16 35 constitutes a loan to the partnership which accrues interest
17 1 from the date of the payment or advance.

17 2 6. Each partner has equal rights in the management and
17 3 conduct of the partnership business.

17 4 7. A partner may use or possess partnership property only
17 5 on behalf of the partnership.

17 6 8. A partner is not entitled to remuneration for services
17 7 performed for the partnership, except for reasonable
17 8 compensation for services rendered in winding up the business
17 9 of the partnership.

17 10 9. A person may become a partner only with the consent of
17 11 all of the partners.

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

17 18 11. This section does not affect the obligations of a
17 19 partnership to other persons under section 486.301.

17 20 Sec. 21. NEW SECTION. 486.402 DISTRIBUTIONS IN KIND.

17 21 A partner has no right to receive, and shall not be
17 22 required to accept, a distribution in kind.

17 23 Sec. 22. NEW SECTION. 486.403 PARTNER'S RIGHTS AND
17 24 DUTIES WITH RESPECT TO INFORMATION.

17 25 1. A partnership shall keep its books and records, if any,
17 26 at its chief executive office.

17 27 2. A partnership shall provide partners and their agents
17 28 and attorneys access to its books and records. It shall
17 29 provide former partners and their agents and attorneys access
17 30 to books and records pertaining to the period during which the
17 31 former partners were partners. The right of access provides
17 32 the opportunity to inspect and copy books and records during

17 33 ordinary business hours. A partnership may impose a
17 34 reasonable charge, covering the costs of labor and material,
17 35 for copies of documents furnished.

18 1 3. Each partner and the partnership shall furnish to a
18 2 partner, and to the legal representative of a deceased partner
18 3 or partner under legal disability all of the following:

18 4 a. Without demand, any information concerning the
18 5 partnership's business and affairs reasonably required for the
18 6 proper exercise of the partner's rights and duties under the
18 7 partnership agreement or this chapter.

18 8 b. On demand, any other information concerning the
18 9 partnership's business and affairs, except to the extent the
18 10 demand or the information demanded is unreasonable or
18 11 otherwise improper under the circumstances.

18 12 Sec. 23. NEW SECTION. 486.404 GENERAL STANDARDS OF
18 13 PARTNER'S CONDUCT.

18 14 1. The only fiduciary duties a partner owes to the
18 15 partnership and the other partners are the duty of loyalty and
18 16 the duty of care set forth in subsections 2 and 3.

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

18 19 a. To account to the partnership and hold as trustee for
18 20 the partnership any property, profit, or benefit derived by
18 21 the partner in the conduct and winding up of the partnership
18 22 business or derived from a use by the partner of partnership
18 23 property, including the appropriation of a partnership
18 24 opportunity.

18 25 b. To refrain from dealing with the partnership in the
18 26 conduct or winding up of the partnership business as or on
18 27 behalf of a party having an interest adverse to the
18 28 partnership.

18 29 c. To refrain from competing with the partnership in the
18 30 conduct of the partnership business before the dissolution of
18 31 the partnership.

18 32 3. A partner's duty of care to the partnership and the
18 33 other partners in the conduct and winding up of the
18 34 partnership business is limited to refraining from engaging in
18 35 grossly negligent or reckless conduct, intentional misconduct,
19 1 or a knowing violation of law.

19 2 4. A partner shall discharge the duties to the partnership
19 3 and the other partners under this chapter or under the
19 4 partnership agreement and exercise any rights consistently
19 5 with the obligation of good faith and fair dealing.

19 6 5. A partner does not violate a duty or obligation under
19 7 this chapter or under the partnership agreement merely because
19 8 the partner's conduct furthers the partner's own interest.

19 9 6. A partner may lend money to and transact other business
19 10 with the partnership, and as to each loan or transaction the
19 11 rights and obligations of the partner are the same as those of
19 12 a person who is not a partner, subject to other applicable
19 13 law.

19 14 7. This section applies to a person winding up the
19 15 partnership business as the personal or legal representative
19 16 of the last surviving partner as if the person were a partner.

19 17 Sec. 24. NEW SECTION. 486.405 ACTIONS BY PARTNERSHIP AND
19 18 PARTNERS.

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

19 23 2. A partner may maintain an action against the
19 24 partnership or another partner for legal or equitable relief,
19 25 with or without an accounting as to partnership business, to
19 26 do any of the following:

19 27 a. Enforce the partner's rights under the partnership
19 28 agreement.

19 29 b. Enforce the partner's rights under this chapter,

19 30 including any or all of the following:

19 31 (1) The partner's rights under section 486.401, 486.403,
19 32 or 486.404.

19 33 (2) The partner's right on dissociation to have the
19 34 partner's interest in the partnership purchased pursuant to
19 35 section 486.701 or enforce any other right under article 6 or
20 1 7.

20 2 (3) The partner's right to compel a dissolution and
20 3 winding up of the partnership business under section 486.801
20 4 or enforce any other right under article 8.

20 5 c. Enforce the rights and otherwise protect the interests
20 6 of the partner, including rights and interests arising
20 7 independently of the partnership relationship.

20 8 3. The accrual of, and any time limitation on, a right of
20 9 action for a remedy under this section is governed by other
20 10 law. A right to an accounting upon a dissolution and winding
20 11 up does not revive a claim barred by law.

20 12 Sec. 25. NEW SECTION. 486.406 CONTINUATION OF
20 13 PARTNERSHIP BEYOND DEFINITE TERM OR PARTICULAR UNDERTAKING.

20 14 1. If a partnership for a definite term or particular
20 15 undertaking is continued, without an express agreement, after
20 16 the expiration of the term or completion of the undertaking,
20 17 the rights and duties of the partners remain the same as they
20 18 were at the expiration or completion, so far as is consistent
20 19 with a partnership at will.

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

20 25 ARTICLE 5

20 26 TRANSFEREES AND CREDITORS OF PARTNER

20 27 Sec. 26. NEW SECTION. 486.501 PARTNER NOT CO-OWNER OF
20 28 PARTNERSHIP PROPERTY.

20 29 A partner is not a co-owner of partnership property and has
20 30 no interest in partnership property which can be transferred,
20 31 either voluntarily or involuntarily.

20 32 Sec. 27. NEW SECTION. 486.502 PARTNER'S TRANSFERABLE
20 33 INTEREST IN PARTNERSHIP.

20 34 The only transferable interest of a partner in the
20 35 partnership is the partner's share of the profits and losses
21 1 of the partnership and the partner's right to receive
21 2 distributions. The interest is personal property.

21 3 Sec. 28. NEW SECTION. 486.503 TRANSFER OF PARTNER'S
21 4 TRANSFERABLE INTEREST.

21 5 1. A transfer, in whole or in part, of a partner's
21 6 transferable interest in the partnership is or does all of the
21 7 following:

21 8 a. Is permissible.

21 9 b. Does not by itself cause the partner's dissociation or
21 10 a dissolution and winding up of the partnership business.

21 11 c. Does not, as against the other partners or the
21 12 partnership, entitle the transferee, during the continuance of
21 13 the partnership, to participate in the management or conduct
21 14 of the partnership business, to require access to information
21 15 concerning partnership transactions, or to inspect or copy the
21 16 partnership books or records.

21 17 2. A transferee of a partner's transferable interest in
21 18 the partnership has a right to all of the following:

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

21 22 b. To receive upon the dissolution and winding up of the
21 23 partnership business, in accordance with the transfer, the net
21 24 amount otherwise distributable to the transferor.

21 25 c. To seek under section 486.801, subsection 6, a judicial
21 26 determination that it is equitable to wind up the partnership

21 27 business.

21 28 3. In a dissolution and winding up, a transferee is
21 29 entitled to an account of partnership transactions only from
21 30 the date of the latest account agreed to by all of the
21 31 partners.

21 32 4. Upon transfer, the transferor retains the rights and
21 33 duties of a partner other than the interest in distributions
21 34 transferred.

21 35 5. A partnership need not give effect to a transferee's
22 1 rights under this section until it has notice of the transfer.

22 2 6. A transfer of a partner's transferable interest in the
22 3 partnership in violation of a restriction on transfer
22 4 contained in the partnership agreement is ineffective as to a
22 5 person having notice of the restriction at the time of
22 6 transfer.

22 7 Sec. 29. NEW SECTION. 486.504 PARTNER'S TRANSFERABLE
22 8 INTEREST SUBJECT TO CHARGING ORDER.

22 9 1. On application by a judgment creditor of a partner or
22 10 of a partner's transferee, a court having jurisdiction may
22 11 charge the transferable interest of the judgment debtor to
22 12 satisfy the judgment. The court may appoint a receiver of the
22 13 share of the distributions due or to become due to the
22 14 judgment debtor in respect of the partnership and make all
22 15 other orders, directions, accounts, and inquiries the judgment
22 16 debtor might have made or which the circumstances of the case
22 17 may require.

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

22 23 3. At any time before foreclosure, an interest charged may
22 24 be redeemed by or with any of the following:

22 25 a. By the judgment debtor.

22 26 b. With property other than partnership property, by one
22 27 or more of the other partners.

22 28 c. With partnership property, by one or more of the other
22 29 partners with the consent of all of the partners whose
22 30 interests are not so charged.

22 31 4. This chapter does not deprive a partner of a right
22 32 under exemption laws with respect to the partner's interest in
22 33 the partnership.

22 34 5. This section provides the exclusive remedy by which a
22 35 judgment creditor of a partner or partner's transferee may
23 1 satisfy a judgment out of the judgment debtor's transferable
23 2 interest in the partnership.

23 3 ARTICLE 6

23 4 PARTNER'S DISSOCIATION

23 5 Sec. 30. NEW SECTION. 486.601 EVENTS CAUSING PARTNER'S
23 6 DISSOCIATION.

23 7 A partner is dissociated from a partnership upon the
23 8 occurrence of any of the following events:

23 9 1. The partnership's having notice of the partner's
23 10 express will to withdraw as a partner or on a later date
23 11 specified by the partner.

23 12 2. An event agreed to in the partnership agreement as
23 13 causing the partner's dissociation.

23 14 3. The partner's expulsion pursuant to the partnership
23 15 agreement.

23 16 4. The partner's expulsion by the unanimous vote of the
23 17 other partners if any of the following apply:

23 18 a. It is unlawful to carry on the partnership business
23 19 with that partner.

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

23 24 foreclosed.

23 25 c. Within ninety days after the partnership notifies a
23 26 corporate partner that it will be expelled because it has
23 27 filed a certificate of dissolution or the equivalent, its
23 28 charter has been revoked, or its right to conduct business has
23 29 been suspended by the jurisdiction of its incorporation, there
23 30 is no revocation of the certificate of dissolution or no
23 31 reinstatement of its charter or its right to conduct business.

23 32 d. A partnership that is a partner has been dissolved and
23 33 its business is being wound up.

23 34 5. On application by the partnership or another partner,
23 35 the partner's expulsion by judicial determination because of
24 1 any of the following:

24 2 a. The partner engaged in wrongful conduct that adversely
24 3 and materially affected the partnership business.

24 4 b. The partner willfully or persistently committed a
24 5 material breach of the partnership agreement or of a duty owed
24 6 to the partnership or the other partners under section
24 7 486.404.

24 8 c. The partner engaged in conduct relating to the
24 9 partnership business which makes it not reasonably practicable
24 10 to carry on the business in partnership with the partner.

24 11 6. The partner's actions constituting any of the
24 12 following:

24 13 a. Becoming a debtor in bankruptcy.

24 14 b. Executing an assignment for the benefit of creditors.

24 15 c. Seeking, consenting to, or acquiescing in the
24 16 appointment of a trustee, receiver, or liquidator of that
24 17 partner or of all or substantially all of that partner's
24 18 property.

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

24 25 7. In the case of a partner who is an individual any of
24 26 the following:

24 27 a. The partner's death.

24 28 b. The appointment of a guardian or general conservator
24 29 for the partner.

24 30 c. A judicial determination that the partner has otherwise
24 31 become incapable of performing the partner's duties under the
24 32 partnership agreement.

24 33 8. In the case of a partner that is a trust or is acting
24 34 as a partner by virtue of being a trustee of a trust,
24 35 distribution of the trust's entire transferable interest in
25 1 the partnership, but not merely by reason of the substitution
25 2 of a successor trustee.

25 3 9. In the case of a partner that is an estate or is acting
25 4 as a partner by virtue of being a personal representative of
25 5 an estate, distribution of the estate's entire transferable
25 6 interest in the partnership, but not merely by reason of the
25 7 substitution of a successor personal representative.

25 8 10. Termination of a partner who is not an individual,
25 9 partnership, corporation, trust, or estate.

25 10 Sec. 31. NEW SECTION. 486.602 PARTNER'S POWER TO
25 11 DISSOCIATE - WRONGFUL DISSOCIATION.

25 12 1. A partner has the power to dissociate at any time,
25 13 rightfully or wrongfully, by express will pursuant to section
25 14 486.601, subsection 1.

25 15 2. A partner's dissociation is wrongful only if any of the
25 16 following applies:

25 17 a. It is in breach of an express provision of the
25 18 partnership agreement.

25 19 b. In the case of a partnership for a definite term or
25 20 particular undertaking, before the expiration of the term or

25 21 the completion of the undertaking if any of the following
25 22 occur:

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

25 28 (2) The partner is expelled by judicial determination
25 29 under section 486.601, subsection 5.

25 30 (3) The partner is dissociated by becoming a debtor in
25 31 bankruptcy.

25 32 (4) In the case of a partner who is not an individual,
25 33 trust other than a business trust, or estate, the partner is
25 34 expelled or otherwise dissociated because it willfully
25 35 dissolved or terminated.

26 1 3. A partner who wrongfully dissociates is liable to the
26 2 partnership and to the other partners for damages caused by
26 3 the dissociation. The liability is in addition to any other
26 4 obligation of the partner to the partnership or to the other
26 5 partners.

26 6 Sec. 32. NEW SECTION. 486.603 EFFECT OF PARTNER'S
26 7 DISSOCIATION.

26 8 1. If a partner's dissociation results in a dissolution
26 9 and winding up of the partnership business, article 8 applies;
26 10 otherwise, article 7 applies.

26 11 2. Upon a partner's dissociation all of the following
26 12 apply:

26 13 a. The partner's right to participate in the management
26 14 and conduct of the partnership business terminates, except as
26 15 otherwise provided in section 486.803.

26 16 b. The partner's duty of loyalty under section 486.404,
26 17 subsection 2, paragraph "c", terminates.

26 18 c. The partner's duty of loyalty under section 486.404,
26 19 subsection 2, paragraphs "a" and "b", and duty of care under
26 20 section 486.404, subsection 3, continue only with regard to
26 21 matters arising and events occurring before the partner's
26 22 dissociation, unless the partner participates in winding up
26 23 the partnership's business pursuant to section 486.803.

26 24 ARTICLE 7

26 25 PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP

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

26 28 1. If a partner is dissociated from a partnership without
26 29 resulting in a dissolution and winding up of the partnership
26 30 business under section 486.801, the partnership shall cause
26 31 the dissociated partner's interest in the partnership to be
26 32 purchased for a buyout price determined pursuant to subsection
26 33 2.

26 34 2. The buyout price of a dissociated partner's interest is
26 35 the amount that would have been distributable to the
27 1 dissociating partner under section 486.807, subsection 2, if,
27 2 on the date of dissociation, the assets of the partnership
27 3 were sold at a price equal to the greater of the liquidation
27 4 value or the value based on a sale of the entire business as a
27 5 going concern without the dissociated partner and the
27 6 partnership were wound up as of that date. Interest must be
27 7 paid from the date of dissociation to the date of payment.

27 8 3. Damages for wrongful dissociation under section
27 9 486.602, subsection 2, and all other amounts owing, whether or
27 10 not presently due, from the dissociated partner to the
27 11 partnership, must be offset against the buyout price.
27 12 Interest must be paid from the date the amount owed becomes
27 13 due to the date of payment.

27 14 4. A partnership shall indemnify a dissociated partner
27 15 whose interest is being purchased against all partnership
27 16 liabilities, whether incurred before or after the
27 17 dissociation, except liabilities incurred by an act of the

27 18 dissociated partner under section 486.702.

27 19 5. If no agreement for the purchase of a dissociated
27 20 partner's interest is reached within one hundred twenty days
27 21 after a written demand for payment, the partnership shall pay,
27 22 or cause to be paid, in cash to the dissociated partner the
27 23 amount the partnership estimates to be the buyout price and
27 24 accrued interest, reduced by any offsets and accrued interest
27 25 under subsection 3.

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

27 32 7. The payment or tender required by subsection 5 or 6
27 33 must be accompanied by all of the following:

27 34 a. A statement of partnership assets and liabilities as of
27 35 the date of dissociation.

28 1 b. The latest available partnership balance sheet and
28 2 income statement, if any.

28 3 c. An explanation of how the estimated amount of the
28 4 payment was calculated.

28 5 d. Written notice that the payment is in full satisfaction
28 6 of the obligation to purchase unless, within one hundred
28 7 twenty days after the written notice, the dissociated partner
28 8 commences an action to determine the buyout price, any offsets
28 9 under subsection 3, or other terms of the obligation to
28 10 purchase.

28 11 8. A partner who wrongfully dissociates before the
28 12 expiration of a definite term or the completion of a
28 13 particular undertaking is not entitled to payment of any
28 14 portion of the buyout price until the expiration of the term
28 15 or completion of the undertaking, unless the partner
28 16 establishes to the satisfaction of the court that earlier
28 17 payment will not cause undue hardship to the business of the
28 18 partnership. A deferred payment must be adequately secured
28 19 and bear interest.

28 20 9. A dissociated partner may maintain an action against
28 21 the partnership, pursuant to section 486.405, subsection 2,
28 22 paragraph "b", subparagraph (2), to determine the buyout price
28 23 of that partner's interest, any offsets under subsection 3, or
28 24 other terms of the obligation to purchase. The action must be
28 25 commenced within one hundred twenty days after the partnership
28 26 has tendered payment or an offer to pay or within one year
28 27 after written demand for payment if no payment or offer to pay
28 28 is tendered. The court shall determine the buyout price of
28 29 the dissociated partner's interest, any offset due under
28 30 subsection 3, and accrued interest, and enter judgment for any
28 31 additional payment or refund. If deferred payment is
28 32 authorized under subsection 8, the court shall also determine
28 33 the security for payment and other terms of the obligation to
28 34 purchase. The court may assess reasonable attorney's fees and
28 35 the fees and expenses of appraisers or other experts for a
29 1 party to the action, in amounts the court finds equitable,
29 2 against a party that the court finds acted arbitrarily,
29 3 vexatiously, or not in good faith. The finding may be based
29 4 on the partnership's failure to tender payment or an offer to
29 5 pay or to comply with subsection 7.

29 6 Sec. 34. NEW SECTION. 486.702 DISSOCIATED PARTNER'S
29 7 POWER TO BIND AND LIABILITY TO PARTNERSHIP.

29 8 1. For two years after a partner dissociates without
29 9 resulting in a dissolution and winding up of the partnership
29 10 business, the partnership, including a surviving partnership
29 11 under article 9, is bound by an act of the dissociated partner
29 12 which would have bound the partnership under section 486.301
29 13 before dissociation only if at the time of entering into the
29 14 transaction all of the following apply:

29 15 a. The other party reasonably believed that the
29 16 dissociated partner was then a partner.
29 17 b. The other party did not have notice of the partner's
29 18 dissociation.
29 19 c. The other party is not deemed to have had knowledge
29 20 under section 486.303, subsection 5, or notice under section
29 21 486.704, subsection 3.

29 22 2. A dissociated partner is liable to the partnership for
29 23 any damage caused to the partnership arising from an
29 24 obligation incurred by the dissociated partner after
29 25 dissociation for which the partnership is liable under
29 26 subsection 1.

29 27 Sec. 35. NEW SECTION. 486.703 DISSOCIATED PARTNER'S
29 28 LIABILITY TO OTHER PERSONS.

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

29 34 2. A partner who dissociates without resulting in a
29 35 dissolution and winding up of the partnership business is
30 1 liable as a partner to the other party in a transaction
30 2 entered into by the partnership, or a surviving partnership
30 3 under article 9, within two years after the partner's
30 4 dissociation, only if the partner is liable for the obligation
30 5 under section 486.306 and at the time of entering into the
30 6 transaction all of the following apply:

30 7 a. The other party reasonably believed that the
30 8 dissociated partner was then a partner.

30 9 b. The other party did not have notice of the partner's
30 10 dissociation.

30 11 c. The other party is not deemed to have had knowledge
30 12 under section 486.303, subsection 5, or notice under section
30 13 486.704, subsection 3.

30 14 3. By agreement with the partnership creditor and the
30 15 partners continuing the business, a dissociated partner may be
30 16 released from liability for a partnership obligation.

30 17 4. A dissociated partner is released from liability for a
30 18 partnership obligation if a partnership creditor, with notice
30 19 of the partner's dissociation but without the partner's
30 20 consent, agrees to a material alteration in the nature or time
30 21 of payment of a partnership obligation.

30 22 Sec. 36. NEW SECTION. 486.704 STATEMENT OF DISSOCIATION.

30 23 1. A dissociated partner or the partnership may file a
30 24 statement of dissociation stating the name of the partnership
30 25 and that the partner is dissociated from the partnership.

30 26 2. A statement of dissociation is a limitation on the
30 27 authority of a dissociated partner for the purposes of section
30 28 486.303, subsections 4 and 5.

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

30 34 Sec. 37. NEW SECTION. 486.705 CONTINUED USE OF
30 35 PARTNERSHIP NAME.

31 1 Continued use of a partnership name, or a dissociated
31 2 partner's name as part thereof, by partners continuing the
31 3 business does not of itself make the dissociated partner
31 4 liable for an obligation of the partners or the partnership
31 5 continuing the business.

31 6 ARTICLE 8

31 7 WINDING UP PARTNERSHIP BUSINESS

31 8 Sec. 38. NEW SECTION. 486.801 EVENTS CAUSING DISSOLUTION
31 9 AND WINDING UP OF PARTNERSHIP BUSINESS.

31 10 A partnership is dissolved, and its business must be wound
31 11 up, only upon the occurrence of any of the following events:

31 12 1. In a partnership at will, the partnership's having
31 13 notice from a partner, other than a partner who is dissociated
31 14 under section 486.601, subsections 2 through 10, of that
31 15 partner's express will to withdraw as a partner, or on a later
31 16 date specified by the partner.

31 17 2. In a partnership for a definite term or particular
31 18 undertaking if any of the following occur or are present:

31 19 a. The expiration of ninety days after a partner's
31 20 dissociation by death or otherwise under section 486.601,
31 21 subsections 6 through 10, or wrongful dissociation under
31 22 section 486.602, subsection 2, unless before that time a
31 23 majority in interest of the remaining partners, including
31 24 partners who have rightfully dissociated pursuant to section
31 25 486.602, subsection 2, paragraph "b", subparagraph (1), agree
31 26 to continue the partnership.

31 27 b. The express will of all of the partners to wind up the
31 28 partnership business.

31 29 c. The expiration of the term or the completion of the
31 30 undertaking.

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

31 33 4. An event that makes it unlawful for all or
31 34 substantially all of the business of the partnership to be
31 35 continued, but a cure of illegality within ninety days after
32 1 notice to the partnership of the event is effective
32 2 retroactively to the date of the event for purposes of this
32 3 section.

32 4 5. On application by a partner, a judicial determination
32 5 that concludes any of the following:

32 6 a. The economic purpose of the partnership is likely to be
32 7 unreasonably frustrated.

32 8 b. Another partner has engaged in conduct relating to the
32 9 partnership business which makes it not reasonably practicable
32 10 to carry on the business in partnership with that partner.

32 11 c. It is not otherwise reasonably practicable to carry on
32 12 the partnership business in conformity with the partnership
32 13 agreement.

32 14 6. On application by a transferee of a partner's
32 15 transferable interest, a judicial determination that it is
32 16 equitable to wind up the partnership business at any of the
32 17 following times:

32 18 a. After the expiration of the term or completion of the
32 19 undertaking, if the partnership was for a definite term or
32 20 particular undertaking at the time of the transfer or entry of
32 21 the charging order that gave rise to the transfer.

32 22 b. At any time, if the partnership was a partnership at
32 23 will at the time of the transfer or entry of the charging
32 24 order that gave rise to the transfer.

32 25 Sec. 39. NEW SECTION. 486.802 PARTNERSHIP CONTINUES
32 26 AFTER DISSOLUTION.

32 27 1. Subject to subsection 2, a partnership continues after
32 28 dissolution only for the purpose of winding up its business.
32 29 The partnership is terminated when the winding up of its
32 30 business is completed.

32 31 2. At any time after the dissolution of a partnership and
32 32 before the winding up of its business is completed, all of the
32 33 partners, including any dissociating partner other than a
32 34 wrongfully dissociating partner, may waive the right to have
32 35 the partnership's business wound up and the partnership
33 1 terminated. In that event all of the following apply:

33 2 a. The partnership resumes carrying on its business as if
33 3 dissolution had never occurred, and any liability incurred by
33 4 the partnership or a partner after the dissolution and before
33 5 the waiver is determined as if dissolution had never occurred.

33 6 b. The rights of a third party accruing under section
33 7 486.804, subsection 1, or arising out of conduct in reliance
33 8 on the dissolution before the third party knew or received a

33 9 notification of the waiver shall not be adversely affected.

33 10 Sec. 40. NEW SECTION. 486.803 RIGHT TO WIND UP

33 11 PARTNERSHIP BUSINESS.

33 12 1. After dissolution, a partner who has not wrongfully
33 13 dissociated may participate in winding up the partnership's
33 14 business, but on application of any partner, partner's legal
33 15 representative, or transferee, the court, for good cause
33 16 shown, may order judicial supervision of the winding up.

33 17 2. The legal representative of the last surviving partner
33 18 may wind up a partnership's business.

33 19 3. A person winding up a partnership's business may
33 20 preserve the partnership business or property as a going
33 21 concern for a reasonable time, prosecute and defend actions
33 22 and proceedings, whether civil, criminal, or administrative,
33 23 settle and close the partnership's business, dispose of and
33 24 transfer the partnership's property, discharge the
33 25 partnership's liabilities, distribute the assets of the
33 26 partnership pursuant to section 486.807, settle disputes by
33 27 mediation or arbitration, and perform other necessary acts.

33 28 Sec. 41. NEW SECTION. 486.804 PARTNER'S POWER TO BIND
33 29 PARTNERSHIP AFTER DISSOLUTION.

33 30 Subject to section 486.805, a partnership is bound by a
33 31 partner's act after dissolution that meets any of the
33 32 following criteria:

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

33 34 2. Would have bound the partnership under section 486.301
33 35 before dissolution, if the other party to the transaction did
34 1 not have notice of the dissolution.

34 2 Sec. 42. NEW SECTION. 486.805 STATEMENT OF DISSOLUTION.

34 3 1. After dissolution, a partner who has not wrongfully
34 4 dissociated may file a statement of dissolution stating the
34 5 name of the partnership and that the partnership has dissolved
34 6 and is winding up its business.

34 7 2. A statement of dissolution cancels a filed statement of
34 8 partnership authority for the purposes of section 486.303,
34 9 subsection 4, and is a limitation on authority for the
34 10 purposes of section 486.303, subsection 5.

34 11 3. For the purposes of sections 486.301 and 486.804, a
34 12 person not a partner is deemed to have notice of the
34 13 dissolution and the limitation on the partners' authority as a
34 14 result of the statement of dissolution ninety days after it is
34 15 filed.

34 16 4. After filing and, if appropriate, recording a statement
34 17 of dissolution, a dissolved partnership may file and, if
34 18 appropriate, record a statement of partnership authority which
34 19 will operate with respect to a person not a partner as
34 20 provided in section 486.303, subsections 4 and 5, in any
34 21 transaction, whether or not the transaction is appropriate for
34 22 winding up the partnership business.

34 23 Sec. 43. NEW SECTION. 486.806 PARTNER'S LIABILITY TO
34 24 OTHER PARTNERS AFTER DISSOLUTION.

34 25 1. Except as otherwise provided in subsection 2 and
34 26 section 486.306, after dissolution a partner is liable to the
34 27 other partners for the partner's share of any partnership
34 28 liability incurred under section 486.804.

34 29 2. A partner who, with knowledge of the dissolution,
34 30 incurs a partnership liability under section 486.804,
34 31 subsection 2, by an act that is not appropriate for winding up
34 32 the partnership business is liable to the partnership for any
34 33 damage caused to the partnership arising from the liability.

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

35 1 1. In winding up a partnership's business, the assets of
35 2 the partnership, including the contributions of the partners
35 3 required by this section, must be applied to discharge its
35 4 obligations to creditors, including, to the extent permitted
35 5 by law, partners who are creditors. Any surplus must be

35 6 applied to pay in cash the net amount distributable to
35 7 partners in accordance with their right to distributions under
35 8 subsection 2.

35 9 2. Each partner is entitled to a settlement of all
35 10 partnership accounts upon winding up the partnership business.
35 11 In settling accounts among the partners, profits and losses
35 12 that result from the liquidation of the partnership assets
35 13 must be credited and charged to the partners' accounts. The
35 14 partnership shall make a distribution to a partner in an
35 15 amount equal to any excess of the credits over the charges in
35 16 the partner's account. A partner shall contribute to the
35 17 partnership an amount equal to any excess of the charges over
35 18 the credits in the partner's account, but excluding from the
35 19 calculation charges attributable to an obligation for which
35 20 the partner is not personally liable under section 486.306.

35 21 3. If a partner fails to contribute the full amount
35 22 required under subsection 2, all of the other partners shall
35 23 contribute, in the proportions in which those partners share
35 24 partnership losses, the additional amount necessary to satisfy
35 25 the partnership obligations for which they are personally
35 26 liable under section 486.306. A partner or partner's legal
35 27 representative may recover from the other partners any
35 28 contributions the partner makes to the extent the amount
35 29 contributed exceeds that partner's share of the partnership
35 30 obligations for which the partner is personally liable under
35 31 section 486.306.

35 32 4. After the settlement of accounts, each partner shall
35 33 contribute, in the proportion in which the partner shares
35 34 partnership losses, the amount necessary to satisfy
35 35 partnership obligations that were not known at the time of the
36 1 settlement and for which the partner is personally liable
36 2 under section 486.306.

36 3 5. The estate of a deceased partner is liable for the
36 4 partner's obligation to contribute to the partnership.

36 5 6. An assignee for the benefit of creditors of a
36 6 partnership or a partner, or a person appointed by a court to
36 7 represent creditors of a partnership or a partner, may enforce
36 8 a partner's obligation to contribute to the partnership.

36 9 ARTICLE 9

36 10 CONVERSIONS AND MERGERS

36 11 Sec. 45. NEW SECTION. 486.901 DEFINITIONS.

36 12 In this article:

36 13 1. "General partner" means a partner in a partnership and
36 14 a general partner in a limited partnership.

36 15 2. "Limited partner" means a limited partner in a limited
36 16 partnership.

36 17 3. "Limited partnership" means a limited partnership
36 18 created under chapter 487, predecessor law, or comparable law
36 19 of another jurisdiction.

36 20 4. "Partner" includes both a general partner and a limited
36 21 partner.

36 22 Sec. 46. NEW SECTION. 486.902 CONVERSION OF PARTNERSHIP
36 23 TO LIMITED PARTNERSHIP.

36 24 1. A partnership may be converted to a limited partnership
36 25 pursuant to this section.

36 26 2. The terms and conditions of a conversion of a
36 27 partnership to a limited partnership must be approved by all
36 28 of the partners or by a number or percentage specified for
36 29 conversion in the partnership agreement.

36 30 3. After the conversion is approved by the partners, the
36 31 partnership shall file a certificate of limited partnership in
36 32 the jurisdiction in which the limited partnership is to be
36 33 formed. The certificate must include all of the following:

36 34 a. A statement that the partnership was converted to a
36 35 limited partnership from a partnership.

37 1 b. Its former name.

37 2 c. A statement of the number of votes cast by the partners

37 3 for and against the conversion and, if the vote is less than
37 4 unanimous, the number or percentage required to approve the
37 5 conversion under the partnership agreement.

37 6 4. The conversion takes effect when the certificate of
37 7 limited partnership is filed or at any later date specified in
37 8 the certificate.

37 9 5. A general partner who becomes a limited partner as a
37 10 result of the conversion remains liable as a general partner
37 11 for an obligation incurred by the partnership before the
37 12 conversion takes effect. If the other party to a transaction
37 13 with the limited partnership reasonably believes when entering
37 14 the transaction that the limited partner is a general partner,
37 15 the limited partner is liable for an obligation incurred by
37 16 the limited partnership within ninety days after the
37 17 conversion takes effect. The limited partner's liability for
37 18 all other obligations of the limited partnership incurred
37 19 after the conversion takes effect is that of a limited partner
37 20 as provided in chapter 487.

37 21 Sec. 47. NEW SECTION. 486.903 CONVERSION OF LIMITED
37 22 PARTNERSHIP TO PARTNERSHIP.

37 23 1. A limited partnership may be converted to a partnership
37 24 pursuant to this section.

37 25 2. Notwithstanding a provision to the contrary in a
37 26 limited partnership agreement, the terms and conditions of a
37 27 conversion of a limited partnership to a partnership must be
37 28 approved by all of the partners.

37 29 3. After the conversion is approved by the partners, the
37 30 limited partnership shall cancel its certificate of limited
37 31 partnership.

37 32 4. The conversion takes effect when the certificate of
37 33 limited partnership is canceled.

37 34 5. A limited partner who becomes a general partner as a
37 35 result of the conversion remains liable only as a limited
38 1 partner for an obligation incurred by the limited partnership
38 2 before the conversion takes effect. Except as otherwise
38 3 provided in section 486.306, the partner is liable as a
38 4 general partner for an obligation of the partnership incurred
38 5 after the conversion takes effect.

38 6 Sec. 48. NEW SECTION. 486.904 EFFECT OF CONVERSION -
38 7 ENTITY UNCHANGED.

38 8 1. A partnership or limited partnership that has been
38 9 converted pursuant to this article is for all purposes the
38 10 same entity that existed before the conversion.

38 11 2. When a conversion takes effect all of the following
38 12 apply:

38 13 a. All property owned by the converting partnership or
38 14 limited partnership remains vested in the converted entity.

38 15 b. All obligations of the converting partnership or
38 16 limited partnership continue as obligations of the converted
38 17 entity.

38 18 c. An action or proceeding pending against the converting
38 19 partnership or limited partnership may be continued as if the
38 20 conversion had not occurred.

38 21 Sec. 49. NEW SECTION. 486.905 MERGER OF PARTNERSHIPS.

38 22 1. Pursuant to a plan of merger approved as provided in
38 23 subsection 3, a partnership may be merged with one or more
38 24 partnerships or limited partnerships.

38 25 2. The plan of merger must set forth all of the following:

38 26 a. The name of each partnership or limited partnership
38 27 that is a party to the merger.

38 28 b. The name of the surviving entity into which the other
38 29 partnerships or limited partnerships will merge.

38 30 c. Whether the surviving entity is a partnership or a
38 31 limited partnership and the status of each partner.

38 32 d. The terms and conditions of the merger.

38 33 e. The manner and basis of converting the interests of
38 34 each party to the merger into interests or obligations of the

38 35 surviving entity, or into money or other property in whole or
39 1 part.

39 2 f. The street address of the surviving entity's chief
39 3 executive office.

39 4 3. The plan of merger must be approved as follows:

39 5 a. In the case of a partnership that is a party to the
39 6 merger, by all of the partners, or a number or percentage
39 7 specified for merger in the partnership agreement.

39 8 b. In the case of a limited partnership that is a party to
39 9 the merger, by the vote required for approval of a merger by
39 10 the law of the state or foreign jurisdiction in which the
39 11 limited partnership is organized and, in the absence of such a
39 12 specifically applicable law, by all of the partners,
39 13 notwithstanding a provision to the contrary in the partnership
39 14 agreement.

39 15 4. After a plan of merger is approved and before the
39 16 merger takes effect, the plan may be amended or abandoned as
39 17 provided in the plan.

39 18 5. The merger takes effect on the later of any of the
39 19 following:

39 20 a. The approval of the plan of merger by all parties to
39 21 the merger, as provided in subsection 3.

39 22 b. The filing of all documents required by law to be filed
39 23 as a condition to the effectiveness of the merger.

39 24 c. Any effective date specified in the plan of merger.

39 25 Sec. 50. NEW SECTION. 486.906 EFFECT OF MERGER.

39 26 1. When a merger takes effect all of the following apply:

39 27 a. The separate existence of every partnership or limited
39 28 partnership that is a party to the merger, other than the
39 29 surviving entity, ceases.

39 30 b. All property owned by each of the merged partnerships
39 31 or limited partnerships vests in the surviving entity.

39 32 c. All obligations of every partnership or limited
39 33 partnership that is a party to the merger become the
39 34 obligations of the surviving entity.

39 35 d. An action or proceeding pending against a partnership
40 1 or limited partnership that is a party to the merger may be
40 2 continued as if the merger had not occurred, or the surviving
40 3 entity may be substituted as a party to the action or
40 4 proceeding.

40 5 2. The secretary of state of this state is the agent for
40 6 service of process in an action or proceeding against a
40 7 surviving foreign partnership or limited partnership to
40 8 enforce an obligation of a domestic partnership or limited
40 9 partnership that is a party to a merger. The surviving entity
40 10 shall promptly notify the secretary of state of the mailing
40 11 address of its chief executive office and of any change of
40 12 address. Upon receipt of process, the secretary of state
40 13 shall mail a copy of the process to the surviving foreign
40 14 partnership or limited partnership.

40 15 3. A partner of the surviving partnership or limited
40 16 partnership is liable for all of the following:

40 17 a. All obligations of a party to the merger for which the
40 18 partner was personally liable before the merger.

40 19 b. All other obligations of the surviving entity incurred
40 20 before the merger by a party to the merger, but those
40 21 obligations may be satisfied only out of property of the
40 22 entity.

40 23 c. Except as otherwise provided in section 486.306, all
40 24 obligations of the surviving entity incurred after the merger
40 25 takes effect, but those obligations may be satisfied only out
40 26 of property of the entity if the partner is a limited partner.

40 27 4. If the obligations incurred before the merger by a
40 28 party to the merger are not satisfied out of the property of
40 29 the surviving partnership or limited partnership, the general
40 30 partners of that party immediately before the effective date
40 31 of the merger shall contribute the amount necessary to satisfy

40 32 that party's obligations to the surviving entity, in the
40 33 manner provided in section 486.807 or in chapter 487 or under
40 34 the law of the jurisdiction in which the party was formed, as
40 35 the case may be, as if the merged party were dissolved.

41 1 5. A partner of a party to a merger who does not become a
41 2 partner of the surviving partnership or limited partnership is
41 3 dissociated from the entity, of which that partner was a
41 4 partner, as of the date the merger takes effect. The
41 5 surviving entity shall cause the partner's interest in the
41 6 entity to be purchased under section 486.701 or another
41 7 statute specifically applicable to that partner's interest
41 8 with respect to a merger. The surviving entity is bound under
41 9 section 486.702 by an act of a general partner dissociated
41 10 under this subsection, and the partner is liable under section
41 11 486.703 for transactions entered into by the surviving entity
41 12 after the merger takes effect.

41 13 Sec. 51. NEW SECTION. 486.907 STATEMENT OF MERGER.

41 14 1. After a merger, the surviving partnership or limited
41 15 partnership may file a statement that one or more partnerships
41 16 or limited partnerships have merged into the surviving entity.

41 17 2. A statement of merger must contain all of the
41 18 following:

41 19 a. The name of each partnership or limited partnership
41 20 that is a party to the merger.

41 21 b. The name of the surviving entity into which the other
41 22 partnerships or limited partnership were merged.

41 23 c. The street address of the surviving entity's chief
41 24 executive office and of an office in this state, if any.

41 25 d. Whether the surviving entity is a partnership or a
41 26 limited partnership.

41 27 3. Except as otherwise provided in subsection 4, for the
41 28 purposes of section 486.302, property of the surviving
41 29 partnership or limited partnership which before the merger was
41 30 held in the name of another party to the merger is property
41 31 held in the name of the surviving entity upon filing a
41 32 statement of merger.

41 33 4. For the purposes of section 486.302, real property of
41 34 the surviving partnership or limited partnership which before
41 35 the merger was held in the name of another party to the merger
42 1 is property held in the name of the surviving entity upon
42 2 recording a certified copy of the statement of merger in the
42 3 office for recording transfers of that real property.

42 4 5. A filed and, if appropriate, recorded statement of
42 5 merger, executed and declared to be accurate pursuant to
42 6 section 486.105, subsection 3, stating the name of a
42 7 partnership or limited partnership that is a party to the
42 8 merger in whose name property was held before the merger and
42 9 the name of the surviving entity, but not containing all of
42 10 the other information required by subsection 2, operates with
42 11 respect to the partnerships or limited partnerships named to
42 12 the extent provided in subsections 3 and 4.

42 13 Sec. 52. NEW SECTION. 486.908 NONEXCLUSIVE.

42 14 This article is not exclusive. Partnerships or limited
42 15 partnerships may be converted or merged in any other manner
42 16 provided by law.

42 17 ARTICLE 10

42 18 LIMITED LIABILITY PARTNERSHIP

42 19 Sec. 53. NEW SECTION. 486.1001 STATEMENT OF
42 20 QUALIFICATION.

42 21 1. A partnership may become a limited liability
42 22 partnership pursuant to this section.

42 23 2. The terms and conditions on which a partnership becomes
42 24 a limited liability partnership must be approved by the vote
42 25 necessary to amend the partnership agreement except, in the
42 26 case of a partnership agreement that expressly considers
42 27 obligations to contribute to the partnership, by the vote
42 28 necessary to amend those provisions.

42 29 3. After the approval required by subsection 2, a
42 30 partnership may become a limited liability partnership by
42 31 filing a statement of qualification. The statement must
42 32 contain all of the following:

- 42 33 a. The name of the partnership.
- 42 34 b. The street address of the partnership's chief executive
42 35 office and, if different, the street address of an office in
43 1 this state, if any.
- 43 2 c. If the partnership does not have an office in this
43 3 state, the name and street address of the partnership's agent
43 4 for service of process.
- 43 5 d. A statement that the partnership elects to be a limited
43 6 liability partnership.
- 43 7 e. A deferred effective date, if any.

43 8 4. The agent of a limited liability partnership for
43 9 service of process must be an individual who is a resident of
43 10 this state or other person authorized to do business in this
43 11 state.

43 12 5. The status of a partnership as a limited liability
43 13 partnership is effective on the later of the filing of the
43 14 statement or a date specified in the statement. The status
43 15 remains effective, regardless of changes in the partnership,
43 16 until it is canceled pursuant to section 486.105, subsection
43 17 4, or revoked pursuant to section 486.1003.

43 18 6. The status of a partnership as a limited liability
43 19 partnership and the liability of its partners is not affected
43 20 by errors or later changes in the information required to be
43 21 contained in the statement of qualification under subsection
43 22 3.

43 23 7. The filing of a statement of qualification establishes
43 24 that a partnership has satisfied all conditions precedent to
43 25 the qualification of the partnership as a limited liability
43 26 partnership.

43 27 8. An amendment or cancellation of a statement of
43 28 qualification is effective when it is filed or on a deferred
43 29 effective date specified in the amendment or cancellation.

43 30 Sec. 54. NEW SECTION. 486.1002 NAME.

43 31 The name of a limited liability partnership must end with
43 32 "Registered Limited Liability Partnership", "Limited Liability
43 33 Partnership", "R.L.L.P.", "L.L.P.", "RLLP", or "LLP".

43 34 Sec. 55. NEW SECTION. 486.1003 ANNUAL REPORT.

43 35 1. A limited liability partnership, and a foreign limited
44 1 liability partnership authorized to transact business in this
44 2 state, shall file an annual report in the office of the
44 3 secretary of state which contains all of the following:

- 44 4 a. The name of the limited liability partnership and the
44 5 state or other jurisdiction under whose laws the foreign
44 6 limited liability partnership is formed.
- 44 7 b. The street address of the partnership's chief executive
44 8 office and, if different, the street address of an office of
44 9 the partnership in this state, if any.
- 44 10 c. If the partnership does not have an office in this
44 11 state, the name and street address of the partnership's
44 12 current agent for service of process.

44 13 2. An annual report must be filed between January 1 and
44 14 April 1 of each year following the calendar year in which a
44 15 partnership files a statement of qualification or a foreign
44 16 partnership becomes authorized to transact business in this
44 17 state.

44 18 3. The secretary of state may revoke the statement of
44 19 qualification of a partnership that fails to file an annual
44 20 report when due or pay the required filing fee. To do so, the
44 21 secretary of state shall provide the partnership at least
44 22 sixty days' written notice of intent to revoke the statement.
44 23 The notice must be mailed to the partnership at its chief
44 24 executive office set forth in the last filed statement of
44 25 qualification or annual report. The notice must specify the

44 26 annual report that has not been filed, the fee that has not
44 27 been paid, and the effective date of the revocation. The
44 28 revocation is not effective if the annual report is filed and
44 29 the fee is paid before the effective date of the revocation.
44 30 4. A revocation under subsection 3 only affects a
44 31 partnership's status as a limited liability partnership and is
44 32 not an event of dissolution of the partnership.

44 33 5. A partnership whose statement of qualification has been
44 34 revoked may apply to the secretary of state for reinstatement
44 35 within two years after the effective date of the revocation.

45 1 The application must state both of the following:

45 2 a. The name of the partnership and the effective date of
45 3 the revocation.

45 4 b. That the ground for revocation either did not exist or
45 5 has been corrected.

45 6 6. A reinstatement under subsection 5 relates back to and
45 7 takes effect as of the effective date of the revocation, and
45 8 the partnership's status as a limited liability partnership
45 9 continues as if the revocation had never occurred.

45 10 ARTICLE 11

45 11 FOREIGN LIMITED LIABILITY PARTNERSHIP

45 12 Sec. 56. NEW SECTION. 486.1101 LAW GOVERNING FOREIGN
45 13 LIMITED LIABILITY PARTNERSHIP.

45 14 1. The law under which a foreign limited liability
45 15 partnership is formed governs relations among the partners and
45 16 between the partners and the partnership and the liability of
45 17 partners for obligations of the partnership.

45 18 2. A foreign limited liability partnership may not be
45 19 denied a statement of foreign qualification by reason of any
45 20 difference between the law under which the partnership was
45 21 formed and the law of this state.

45 22 3. A statement of foreign qualification does not authorize
45 23 a foreign limited liability partnership to engage in any
45 24 business or exercise any power that a partnership may not
45 25 engage in or exercise in this state as a limited liability
45 26 partnership.

45 27 Sec. 57. NEW SECTION. 486.1102 STATEMENT OF FOREIGN
45 28 QUALIFICATION.

45 29 1. Before transacting business in this state, a foreign
45 30 limited liability partnership must file a statement of foreign
45 31 qualification. The statement must contain all of the
45 32 following:

45 33 a. The name of the foreign limited liability partnership
45 34 which satisfies the requirements of the state or other
45 35 jurisdiction under whose law it is formed and ends with
46 1 "Required Limited Liability Partnership", "Limited Liability
46 2 Partnership", "R.L.L.P.", "L.L.P.", "RLLP", or "LLP".

46 3 b. The street address of the partnership's chief executive
46 4 office and, if different, the street address of an office of
46 5 the partnership in this state, if any.

46 6 c. If there is no office of the partnership in this state,
46 7 the name and street address of the partnership's agent for
46 8 service of process.

46 9 d. A deferred effective date, if any.

46 10 2. The agent of a foreign limited liability company for
46 11 service of process must be an individual who is a resident of
46 12 this state or other person authorized to do business in this
46 13 state.

46 14 3. The status of a partnership as a foreign limited
46 15 liability partnership is effective on the later of the filing
46 16 of the statement of foreign qualification or a date specified
46 17 in the statement. The status remains effective, regardless of
46 18 changes in the partnership, until it is canceled pursuant to
46 19 section 486.105, subsection 4, or revoked pursuant to section
46 20 486.1003.

46 21 4. An amendment or cancellation of a statement of foreign
46 22 qualification is effective when it is filed or on a deferred

46 23 effective date specified in the amendment or cancellation.

46 24 Sec. 58. NEW SECTION. 486.1103 EFFECT OF FAILURE TO
46 25 QUALIFY.

46 26 1. A foreign limited liability partnership transacting
46 27 business in this state may not maintain an action or
46 28 proceeding in this state unless it has in effect a statement
46 29 of foreign qualification.

46 30 2. The failure of a foreign limited liability partnership
46 31 to have in effect a statement of foreign qualification does
46 32 not impair the validity of a contract or act of the foreign
46 33 limited liability partnership or preclude it from defending an
46 34 action or proceeding in this state.

46 35 3. A limitation on personal liability of a partner is not
47 1 waived solely by transacting business in this state without a
47 2 statement of foreign qualification.

47 3 4. If a foreign limited liability partnership transacts
47 4 business in this state without a statement of foreign
47 5 qualification, the secretary of state is its agent for service
47 6 of process with respect to a right of action arising out of
47 7 the transaction of business in this state.

47 8 Sec. 59. NEW SECTION. 486.1104 ACTIVITIES NOT
47 9 CONSTITUTING TRANSACTING BUSINESS.

47 10 1. Activities of a foreign limited liability partnership
47 11 which do not constitute transacting business for the purpose
47 12 of this article include all of the following:

47 13 a. Maintaining, defending, or settling an action or
47 14 proceeding.

47 15 b. Holding meetings of its partners or carrying on any
47 16 other activity concerning its internal affairs.

47 17 c. Maintaining bank accounts.

47 18 d. Maintaining offices or agencies for the transfer,
47 19 exchange, and registration of the partnership's own securities
47 20 or maintaining trustees or depositories with respect to those
47 21 securities.

47 22 e. Selling through independent contracts.

47 23 f. Soliciting or obtaining orders, whether by mail or
47 24 through employees or agents or otherwise, if the orders
47 25 require acceptance outside this state before they become
47 26 contracts.

47 27 g. Creating or acquiring indebtedness, with or without a
47 28 mortgage, or other security interest in property.

47 29 h. Collecting debts or foreclosing mortgages or other
47 30 security interests in property securing the debts, and
47 31 holding, protecting, and maintaining property so acquired.

47 32 i. Conducting an isolated transaction that is completed
47 33 within thirty days and is not one in the course of similar
47 34 transactions.

47 35 j. Transacting business in interstate commerce.

48 1 2. For purposes of this article, the ownership in this
48 2 state of income-producing real property or tangible personal
48 3 property, other than property excluded under subsection 1,
48 4 constitutes transacting business in this state.

48 5 3. This section does not apply in determining the
48 6 contracts or activities that may subject a foreign limited
48 7 liability partnership to service of process, taxation, or
48 8 regulation under any other law of this state.

48 9 Sec. 60. NEW SECTION. 486.1105 ACTION BY ATTORNEY
48 10 GENERAL.

48 11 The attorney general may maintain an action to restrain a
48 12 foreign limited liability partnership from transacting
48 13 business in this state in violation of this article.

48 14 ARTICLE 12

48 15 MISCELLANEOUS PROVISIONS

48 16 Sec. 61. NEW SECTION. 486.1201 UNIFORMITY OF APPLICATION
48 17 AND CONSTRUCTION.

48 18 This chapter shall be applied and construed to effectuate
48 19 its general purpose to make uniform the law with respect to

48 20 the subject of this chapter among states enacting it.
48 21 Sec. 62. NEW SECTION. 486.1202 SHORT TITLE.
48 22 This chapter may be cited as the "Uniform Partnership Act".
48 23 Sec. 63. SEVERABILITY CLAUSE. If any provision of this
48 24 chapter or its application to any person or circumstance is
48 25 held invalid, the invalidity does not affect other provisions
48 26 or applications of this chapter which can be given effect
48 27 without the invalid provision or application, and to this end
48 28 the provisions of this chapter are severable.
48 29 Sec. 64. SAVINGS CLAUSE. This Act does not affect an
48 30 action or proceeding commenced or right accrued before this
48 31 Act takes effect.
48 32 Sec. 65. REPEAL. Chapter 486, Code 1997, is repealed
48 33 effective July 1, 1998.
48 34 Sec. 66. EFFECTIVE DATE. This Act takes effect July 1,
48 35 1998.

49 1 EXPLANATION

49 2 This bill rewrites chapter 486 relating to partnerships in
49 3 conformance with a draft prepared by the national conference
49 4 of commissioners on uniform state laws.
49 5 Article 1 includes general provisions including
49 6 definitions, the effect of a partnership agreement, the law
49 7 governing internal relations, and other general provisions.
49 8 Article 2 relates to the nature of the partnership and
49 9 includes provisions relating to the partnership as an entity,
49 10 the formation of the partnership, partnership property, and
49 11 when property is property of the partnership.
49 12 Article 3 relates to the relations of partners to persons
49 13 dealing with the partnership and includes provisions relating
49 14 to a partner as agent of the partnership, transfer of
49 15 partnership property, statement of partnership authority,
49 16 statement of denial, liability of a partnership for a
49 17 partner's actionable conduct, liability of a partner, legal
49 18 actions by and against the partnership and partners, and the
49 19 liability of a purported partner.
49 20 Article 4 relates to the relations of the partners to each
49 21 other and to the partnership and includes provisions relating
49 22 to a partner's rights and duties, distributions in kind, the
49 23 partner's rights and duties with respect to information,
49 24 general standards of a partner's conduct, actions by the
49 25 partnership and partners, and the continuation of the
49 26 partnership beyond a definite term or particular undertaking.
49 27 Article 5 relates to transferees and creditors of a partner
49 28 and includes provisions relating to partnership property and
49 29 providing that a partner is not a co-owner of partnership
49 30 property, a partner's transferable interest in a partnership,
49 31 the transfer of a partner's transferable interest, and a
49 32 partner's transferable interest being subject to a charging
49 33 order.
49 34 Article 6 relates to a partner's dissociation with the
49 35 partnership and includes provisions relating to events causing
50 1 a partner's dissociation, a partner's power to dissociate and
50 2 wrongful dissociation, and the effect of a partner's
50 3 dissociation.
50 4 Article 7 relates to a partner's dissociation with the
50 5 partnership when the business of the partnership is not wound
50 6 up, and includes provisions relating to the purchase of the
50 7 dissociated partner's interest, the dissociated partner's
50 8 power to bind the partnership, the dissociated partner's
50 9 liability to other persons, the statement of dissociation, and
50 10 the continued use of the partnership name by the partners
50 11 continuing the business.
50 12 Article 8 relates to the winding up of the partnership
50 13 business and includes provisions relating to events causing
50 14 dissolution and winding up of the partnership business,
50 15 continuation of the partnership after dissolution, the right
50 16 to wind up partnership business, a partner's power to bind the

50 17 partnership after dissolution, statement of dissolution, a
50 18 partner's liability to the other partners after dissolution,
50 19 and the settlement of accounts and contributions among the
50 20 partners.

50 21 Article 9 relates to conversions and mergers involving a
50 22 partnership and includes provisions relating to the conversion
50 23 of a partnership to a limited partnership, the conversion of a
50 24 limited partnership to a partnership, the effect of a
50 25 conversion, the merger of partnerships, the effect of a
50 26 merger, and the statement of merger.

50 27 Article 10 relates to a partnership becoming a limited
50 28 liability partnership and includes provisions relating to the
50 29 statement of qualification, the name of the limited liability
50 30 partnership, and the annual report which must be filed by the
50 31 limited liability partnership.

50 32 Article 11 relates to foreign limited liability
50 33 partnerships and includes provisions relating to the law
50 34 governing foreign limited liability partnerships, the
50 35 statement of foreign qualification, the effect of failing to
51 1 qualify, activities not constituting transacting business, and
51 2 authorizing an action by the attorney general to restrain a
51 3 foreign limited liability partnership from transacting
51 4 business in violation of the article.

51 5 Article 12 includes miscellaneous provisions including the
51 6 uniformity of application and construction provision and the
51 7 short title of the Act.

51 8 The bill includes a severability clause provision, an
51 9 effective date provision, a savings clause provision, and the
51 10 repeal of existing chapter 486 effective July 1, 1998.

51 11 The bill takes effect July 1, 1998.

51 12 LSB 1183XL 77

51 13 mj/jw/5