XVII. February 1994 Draft - Revised Uniform Partnership Act (RUPA)

   § 306 - Partner's Liability
   § 403 Partner's Information Rights & Duties
   § 801 - Events Causing Dissolution and Winding Up of Partnership Business
   § 1006 - Applicability


4. February 3, 1994: Correspondence from John W. Larson to the RUPA Working Group.
   Proposed changes to the January 18, 1994 Draft by the Style Committee.

5. February 4, 1994: Correspondence from Eugene A. Burdick, Chairman, The Committee on Styles, to Bion M. Gregory, Chairman, Executive Committee Recommendation for Stylistic Corrections.


   As Approved by the Executive Committee of the NCCUSL - Redlined Text.
PROPOSED REVISIONS TO RUPA (1993)

SECTION 306. PARTNER'S LIABILITY.

(a) Except as provided in subsection (b), all partners are liable jointly and severally for all obligations of the partnership, whether liability for an obligation arises in contract, tort or otherwise, unless otherwise agreed by the claimant or provided by law.

(b) A person admitted as a partner into an existing partnership is not personally liable for any partnership obligation incurred before the person's admission as a partner, but that liability may be satisfied out of partnership property.

SECTION 403. PARTNER'S INFORMATION RIGHTS AND DUTIES.

(c) Each partner and the partnership shall furnish to a partner, and to the legal representative of a deceased partner or partner under legal disability, the following information, if known, regarding/concerning the partnership's business and affairs:

(1) without demand, any information reasonably required/necessary and material for the proper exercise of the partner's rights and duties under the partnership agreement or this [Act]; and

(2) on demand, any other information, except to the extent the information demanded is unreasonable or otherwise improper under the circumstances] [any other information as is just and reasonable (RULPA)].
SECTION 801. EVENTS CAUSING DISSOLUTION AND WINDING UP OF PARTNERSHIP BUSINESS. A partnership is dissolved, and its business must be wound up, only upon the occurrence of any of the following events:

(1) in a partnership at will, the partnership's having notice from a partner, other than a partner who is dissociated under Section 601(2) through (10), of that partner's express will to withdraw as a partner, or on a later date specified by the partner;

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

   (i) an expression of the partner's will by at least half of the partners who remain after a partner's wrongful dissociation under Section 602(b) or a partner's dissociation by death or otherwise under Section 601(6) through (10), within 90 days of that partner's dissociation, either to withdraw from the partnership or to wind up the partnership business;

   OR

   (i) within 90 days after a partner's wrongful dissociation under Section 602(b) or a partner's dissociation by death or otherwise under Section 601(6) through (10), the express will of at least half of the remaining partners either to withdraw from the partnership or to wind up the partnership business;

   OR

   (i) within 90 days after a partner's wrongful dissociation under Section 602(b) or a partner's dissociation by death or otherwise under Section 601(6) through (10), the express will of at least half of the remaining partners for which purpose a partner's rightful dissociation pursuant to Section 602(b)(2)(i) is deemed an expression of that partner's will to dissolve the partnership;

   CHANGE TO (i)
PROPOSED REVISIONS TO RUPA (1993)

SECTION 1006. APPLICABILITY.

(a) Before January 1, 199_, this [Act] governs only a partnership formed:

(1) after the effective date on this [Act], unless that partnership is continuing the business of a dissolved partnership under Section 41 of the [prior Uniform Partnership Act]; and

(2) before the effective date of this [Act], that elects, as provided by subsection (c), to be governed by this [Act].

(b) After January 1, 199_, this [Act] governs all partnerships.

(c) Before January 1, 199_, a partnership formed before the effective date of this [Act] voluntarily may elect, in the manner provided in its partnership agreement or by law for amending the partnership agreement, to be governed by this [Act]. The provisions of this [Act] relating to the liability of the partnership's partners to third parties apply to limit those partners' liability to a third party who had done business with the partnership within one year preceding the partnership's election to be governed by this [Act], only if the third party knows or has received a notification of the partnership's election to be governed by this [Act].
SECTION 101. DEFINITIONS. In this [Act]:

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

(2) "Debtor in bankruptcy" means a person who is the subject of:

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

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

(3) "Distribution" means a transfer of money or other property from a partnership to a partner in the partner’s capacity as a partner or to the partner’s transferee.
(4) "Partnership" means an association of two or more persons to carry on as co-owners a business for profit created under Section 202, predecessor law, or comparable law of another jurisdiction.

(5) "Partnership agreement" means an agreement, written or oral, among the partners concerning the partnership.

(6) "Partnership at will" means a partnership in which the partners have not agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking.

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

(8) "Person" means an individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(9) "Property" means all property, real, personal, or mixed, tangible or intangible, or any interest therein.

(10) "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or insular possession subject to the jurisdiction of the United States.

(11) "Statement" means a statement of partnership authority under Section 303, a statement of denial under Section 304, a statement of dissociation under Section 704, a statement
of dissolution under Section 805, a statement of merger under Section 907, or an amendment or cancellation of any of the foregoing.

(12) "Transfer" includes an assignment, conveyance, lease, mortgage, deed, and encumbrance.

SECTION 102. KNOWLEDGE AND NOTICE.

(a) A person knows a fact if the person has actual knowledge of it.

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

(1) knows of it;

(2) has received a notification of it; or

(3) has reason to know it exists from all of the facts known to the person at the time in question.

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

(d) A person receives a notification when it the notification:

(1) comes to the person’s attention; or

(2) is duly delivered at the person’s place of business or at any other place held out by the person as a place for receiving communications.

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

(f) A partner’s knowledge, notice, or receipt of a
notification of a fact relating to the partnership is effective
immediately as knowledge by, notice to, or receipt of a
notification by the partnership, but is not effective as such if
the partner committed or consented to except in the case of a
fraud on the partnership committed by or with the consent of that
partner.

SECTION 103. EFFECT OF PARTNERSHIP AGREEMENT; NONWAIVABLE
PROVISIONS.

(a) Except as provided in subsection (b), a partnership
agreement governs relations among the partners and between the
partners and the partnership. Except as provided in subsection
(b) relations among the partners and between the partners and the partnership are governed by the partnership agreement. To the extent the partnership agreement does not otherwise provide, this [Act] governs relations among the partners and between the partners and the partnership.

(b) The partnership agreement may not:

(1) vary the rights and duties under Section 105 except to eliminate the duty to provide copies of statements to all of the partners;

(2) unreasonably restrict the right of access to books and records under Section 403(b);

(3) eliminate the duty of loyalty under Section 404(b) or 603(b)(3), but the partners—by partnership agreement may

(2) identify specific types or categories of activities that do not violate the duty of loyalty, if not manifestly unreasonable; or

(2) authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty;

(4) unreasonably reduce the duty of care under Section 404(c) or 603(b)(3);

(5) eliminate the obligation of good faith and fair dealing under Section 404(d), but the partners—by partnership agreement may determine the standards by which the performance of the obligation is to be measured, if the standards are not manifestly unreasonable;
(6) vary the power to dissociate as a partner under Section 602(a), except to require the notice under Section 601(1) to be in writing;
(7) vary the right of a court to expel a partner in the events specified in Section 601(5);
(8) vary the requirement to wind up the partnership business in cases specified in Section 801(4), (5), or (6); or
(9) restrict rights of third parties under this [Act].

SECTION 104. SUPPLEMENTAL PRINCIPLES OF LAW.
(a) Unless displaced by particular provisions of this [Act], the principles of law and equity supplement this [Act].
(b) If an obligation to pay interest arises under this [Act] and the rate is not specified, the rate is that specified in [applicable statute].

SECTION 105. EXECUTION, FILING, AND RECORDING OF STATEMENTS.
(a) A statement may be filed in the office of [the Secretary of State]. A certified copy of a statement that is filed in an office in another state may be filed in the office of [the Secretary of State]. Either filing has the effect provided in this [Act] with respect to partnership property located in or transactions that occur in this State.
(b) A certified copy of a statement that has been filed in the office of the [Secretary of State] and recorded in the office for recording transfers of real property has the effect provided
for recorded statements in this [Act]. A recorded statement that is not a certified copy of a statement filed in the office of the [Secretary of State] does not have the effect provided for recorded statements in this [Act].

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

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

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

(f) The [Secretary of State] may collect a fee for filing or providing a certified copy of a statement. The [officer responsible for] recording transfers of real property may collect a fee for recording a statement.
SECTION 106. LAW GOVERNING INTERNAL AFFAIRS RELATIONS. The law of the State jurisdiction in which a partnership has its chief executive office governs the partnership's internal affairs relations among the partners and between the partners and the partnership.

SECTION 107. PARTNERSHIP SUBJECT TO AMENDMENT OR REPEAL OF [ACT]. A partnership governed by this [Act] is subject to any amendment to or repeal of this [Act].
ARTICLE 2

NATURE OF PARTNERSHIP

Section 201. Partnership As Entity.
Section 202. Creation Formation of Partnership.
Section 203. Partnership Property.
Section 204. When Property Is Partnership Property.

SECTION 201. PARTNERSHIP AS ENTITY. A partnership is an entity distinct from its partners.

SECTION 202. CREATION FORMATION OF PARTNERSHIP.

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

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

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

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

(2) The sharing of gross returns does not by itself establish a partnership, even if the persons sharing them have a joint or common right or interest in property from which the returns are derived.
(3) A person who receives a share of the profits of a business is presumed to be a partner in the business, unless the profits were received in payment:

(i) of a debt by installments or otherwise;
(ii) for services as an independent contractor or of wages or other compensation to an employee;
(iii) of rent;
(iv) of an annuity or other retirement benefit to a beneficiary, representative, or designee of a deceased or retired partner;
(v) of interest or other charge on a loan, even if the amount of payment varies with the profits of the business, including a direct or indirect present or future ownership of the collateral, or rights to income, proceeds, or increase in value derived from the collateral; or
(vi) for the sale of the goodwill of a business or other property by installments or otherwise.

(d) Except as provided by Section 308, persons who are not partners as to each other are not liable as partners as to other persons.

(e) A partnership created under this [Act] is a general partnership, and the partners are general partners of the partnership.
SECTION 203. PARTNERSHIP PROPERTY. Property transferred to or otherwise acquired by a partnership is property of the partnership and not of the partners individually.

SECTION 204. WHEN PROPERTY IS PARTNERSHIP PROPERTY.

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

(1) the partnership; or

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

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

(1) the partnership in its name; or

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

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

(d) Property acquired in the name of one or more of the partners, without an indication in the instrument transferring
title to the property of the person’s capacity as a partner or of the existence of a partnership and without use of partnership assets, is presumed to be separate property, even if used for partnership purposes.
ARTICLE 3

RELATIONS OF PARTNERS TO
PERSONS DEALING WITH PARTNERSHIP

Section 301. Partner Agent of Partnership.
Section 302. Transfer of Partnership Property.
Section 303. Statement of Partnership Authority.
Section 304. Statement of Denial.
Section 305. Partnership Liable for Partner's Actionable Conduct.
Section 306. Partner's Liability.
Section 307. Actions By and Against Partnership and Partners.
Section 308. Liability of Purported Partner.
Section 309. Liability of Incoming Partner.

SECTION 301. PARTNER AGENT OF PARTNERSHIP. Subject to the effect of a statement of partnership authority under Section 303:

(1) Each partner is an agent of the partnership for the purpose of its business. An act of a partner, including the execution of an instrument in the partnership name, for apparently carrying on in the usual way the partnership business or business of the kind carried on by the partnership binds the partnership, unless the partner had no authority to act for the partnership in the particular matter and the person with whom the partner was dealing knew or had received a notification that the partner lacked authority.

(2) An act of a partner which is not apparently for carrying on in the usual way the partnership business or business of the kind carried on by the partnership binds the partnership only if the act was authorized by the other partners.
SECTION 302. TRANSFER OF PARTNERSHIP PROPERTY.

(a) Partnership property may be transferred as follows:

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

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

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

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

(1) as to a subsequent transferee who gave value for property transferred under subsection (a)(1) or (2), proves that the subsequent transferee knew or had received a notification
that the person who executed the instrument of initial transfer
lacked authority to bind the partnership; or

(2) as to a transferee who gave value for property
transferred under subsection (a)(3), proves that the transferee
knew or had received a notification that the property was
partnership property and that the person who executed the
instrument of initial transfer lacked authority to bind the
partnership.

(c) A partnership may not recover partnership property
from a subsequent transferee if the partnership would not have
been entitled to recover the property, under subsection (b), from
any earlier transferee of the property.

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

SECTION 303. STATEMENT OF PARTNERSHIP AUTHORITY.

(a) A partnership may file a statement of partnership
authority, which:

(1) must include:

(i) the name of the partnership;

(ii) the street address of its chief executive office
and of one office in this State, if there is one;
(iii) the names and mailing addresses of all of the partners or of an agent appointed and maintained by the partnership for the purpose of subsection (b); and

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

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

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

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

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

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

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

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

(f) Except as provided in subsections (d) and (e) and Sections 704 and 805, a person not a partner is not deemed to know of a limitation on the authority of a partner merely because the limitation is contained in a filed statement.
(g) Unless earlier canceled, a filed statement of partnership authority is canceled by operation of law five years after the date on which the statement, or the most recent amendment, was filed with the [Secretary of State].

SECTION 304. STATEMENT OF DENIAL. A partner or other person named as a partner in a filed statement of partnership authority or in a list maintained by an agent pursuant to Section 303(b) may file a statement of denial stating the name of the partnership and the fact that is being denied, which may include denial of a person's authority or status as a partner. A statement of denial is a limitation on authority to the extent as provided in Section 303(d) and (e).

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

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

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

SECTION 306. PARTNER’S LIABILITY.

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

(b) A person admitted as a partner into an existing partnership is not personally liable for any partnership obligation incurred before the person’s admission as a partner.

SECTION 307. ACTIONS BY AND AGAINST PARTNERSHIP AND PARTNERS.

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

(b) An action may be brought against the partnership and any or all of the partners in the same action or in separate actions.

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

(d) A judgment creditor of a partner may not levy execution against the assets of the partner to satisfy a judgment based on a claim against the partnership unless:
(1) a judgment based on the same claim has been obtained against the partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;
(2) the partnership is a debtor in bankruptcy;
(3) the partner has agreed that the creditor need not exhaust partnership assets;
(4) a court grants permission to the judgment creditor to levy execution against the assets of a partner based on a finding that partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of partnership assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or
(5) liability is imposed on the partner by law or contract independent of the existence of the partnership.

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

SECTION 308. LIABILITY OF PURPORTED PARTNER.

(a) If a person, by words or conduct, purports to be a partner, or consents to being represented by another as a partner, in a partnership or with one or more persons not partners, the purported partner is liable to a person to whom the representation is made, if that person, relying on the representation, enters into a transaction with the actual or
purported partnership. If the representation, either by the
purported partner or by a person with the purported partner’s
consent, is made in a public manner, the purported partner is
liable to a person who relies upon the purported partnership even
if the purported partner is not aware of being held out as a
partner to the claimant. If partnership liability results, the
purported partner is liable with respect to that liability as if
the purported partner were a partner. If no partnership
liability results, the purported partner is liable with respect
to that liability jointly and severally with any other person
consenting to the representation.

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

(c) A person is not liable as a partner in a partnership
merely because the person is named by another in a statement of
partnership authority.
(d) A person does not continue to be liable as a partner merely because of a failure to file a statement of dissociation or to amend a statement of partnership authority to indicate the partner’s dissociation from the partnership.

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

SECTION 309. LIABILITY OF INCOMING PARTNER. A person admitted as a partner into a partnership is liable for all obligations of the partnership incurred before the person’s admission as if the person were a partner when the obligations were incurred, but the liability may be satisfied only out of partnership property. [Moved to 306(b).]
ARTICLE 4

RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

Section 401. Partner’s Rights and Duties.
Section 402. Distributions in Kind.
Section 403. Partner’s Right to Information Rights and Duties.
Section 404. General Standards of Partner’s Conduct.
Section 405. Actions by Partnership and Partners.
Section 406. Continuation of Partnership Beyond Definite Term or Particular Undertaking.

SECTION 401. PARTNER’S RIGHTS AND DUTIES.

(a) Each partner is deemed to have an account that is:

(1) credited with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, the partner contributes to the partnership and the partner’s share of the partnership profits; and

(2) charged with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, distributed by the partnership to the partner and the partner’s share of the partnership losses.

(b) A partnership shall credit each partner’s account with an equal share of the partnership profits.

A partnership shall charge each partner’s account with a share of the partnership losses, whether capital or operating, in proportion to the partner’s share of the profits.

(c) A partnership shall indemnify each partner for payments reasonably made and liabilities reasonably incurred by the partner in the ordinary
and proper conduct of the business of the partnership or for the preservation of its business or property.

(d) A partnership shall repay a partner whose payment or advance to the partnership beyond the amount of capital the partner agreed to contribute.

(e) A payment or advance made by a partner which gives rise to a partnership obligation under subsection (c) or (d) constitutes a loan to the partnership. Interest shall accrue from the date of the payment or advance.

(f) Each partner has equal rights in the management and conduct of the partnership business.

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

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

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

(j) A difference arising as to a matter in the ordinary course of business of a partnership may be decided by a majority of the partners. An act outside the ordinary course of business of a partnership and an amendment to the partnership agreement may be undertaken only with the consent of all of the partners.
(k) This section does not affect the obligations of a partnership to other persons under Section 301.

SECTION 402. DISTRIBUTIONS IN KIND. A partner has no right to receive, and may not be required to accept, a distribution in kind.

SECTION 403. PARTNER'S RIGHT TO INFORMATION REGARDING INFORMATION

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

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

(c) Each partner and the partnership, on demand, shall furnish to a partner, and to the legal representative of a deceased partner or partner under legal disability, to the extent just and reasonable, complete and accurate information concerning the partnership to the extent reasonably demanded and, without demand, to the extent just and reasonable.
SECTION 404. GENERAL STANDARDS OF PARTNER'S CONDUCT.

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

(b) A partner's duty of loyalty to the partnership and the other partners is limited to the following:

(1) to account to the partnership and hold as trustee for it any property, profit, or benefit derived by the partner in the conduct and winding up of the partnership business or derived from a use by the partner of partnership property, including the appropriation of a partnership opportunity, without the consent of the other partners;

(2) to refrain from dealing with the partnership in the conduct or winding up of the partnership business as or on behalf of a party having an interest adverse to the partnership without the consent of the other partners; and

(3) to refrain from competing with the partnership in the conduct of the partnership business before the dissolution of the partnership without the consent of the other partners.

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

(d) A partner shall discharge the duties to the partnership and the other partners under this [Act] or under the
partnership agreement and exercise any rights consistently with the obligation of good faith and fair dealing.

(e) A partner does not violate a duty or obligation under this [Act] or under the partnership agreement merely because the partner's conduct furthers the partner's own interest.

(f) A partner may lend money to and transact other business with the partnership. The rights and obligations of a partner who lends money to or transacts business with the partnership are the same as those of a person who is not a partner, subject to other applicable law.

(g) This section applies to a person winding up the partnership business as the personal or legal representative of the last surviving partner as if the person were a partner.

SECTION 405. ACTIONS BY PARTNERSHIP AND PARTNERS.

(a) A partnership may maintain an action against a partner for a breach of the partnership agreement, or for the violation of a duty to the partnership, causing harm to the partnership.

(b) A partner may maintain an action against the partnership or another partner for legal or equitable relief, including an accounting as to partnership business, to:

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

(2) enforce the partner's rights under this [Act], including:
(i) the partner's rights under Sections 401, 403, and 404;

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

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

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

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

SECTION 406. CONTINUATION OF PARTNERSHIP BEYOND DEFINITE TERM OR PARTICULAR UNDERTAKING.

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

(b) If the partners, or those of them who habitually acted in the business during the term or undertaking, continue the
1 business without any settlement or liquidation of the
2 partnership, they are presumed to have agreed that the
3 partnership will continue.
ARTICLE 5

TRANSFEREEs AND CREDITORS OF PARTNER

Section 501. Partner Not Co-Owner of Partnership Property.
Section 502. Partner’s Transferable Interest in Partnership.
Section 503. Transfer of Partner’s Transferable Interest.
Section 504. Partner’s Transferable Interest Subject to Charging Order.

SECTION 501. PARTNER NOT CO-OWNER OF PARTNERSHIP PROPERTY. A partner is not a co-owner of partnership property and has no interest in partnership property which can be transferred, either voluntarily or involuntarily.

SECTION 502. PARTNER’S TRANSFERABLE INTEREST IN PARTNERSHIP. The only transferable interest of a partner in the partnership is the partner’s interest in share of the profits and losses of the partnership and the partner’s right to receive distributions. The interest is personal property.

SECTION 503. TRANSFER OF PARTNER’S TRANSFERABLE INTEREST. (a) A transfer, in whole or in part, of a partner’s transferable interest in the partnership:
(1) is permissible;
(2) does not by itself cause the partner’s dissociation or a dissolution and winding up of the partnership business; and
(3) does not, as against the other partners or the partnership, entitle the transferee, during the continuance of the partnership, to participate in the management or conduct of
the partnership business, to require access to information
concerning an account of partnership transactions, or to
inspect or copy the partnership books or records.

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

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

(2) to receive upon the dissolution and winding up of
the partnership business, in accordance with the transfer, the
net amount otherwise distributable to the transferor; and

(3) to seek under Section 801(6) a judicial
determination that it is equitable to wind up the partnership
business.

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

(d) Upon transfer, the transferor retains the rights and
duties of a partner other than the interest in distributions
transferred.

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

(f) A transfer of a partner's transferable interest in the
partnership in violation of a restriction on transfer contained
in the partnership agreement is ineffective as to a person having
notice of the restriction at the time of transfer.
SECTION 504. PARTNER'S TRANSFERABLE INTEREST SUBJECT TO CHARGING ORDER.

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

(b) A charging order constitutes a lien on the judgment debtor's transferable interest in the partnership. The court may order a foreclosure of the interest subject to the charging order at any time and upon conditions it considers appropriate. The purchaser at the foreclosure sale has the rights of a transferee.

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

(1) by the judgment debtor;

(2) with property other than partnership property, by one or more of the other partners; or

(3) with partnership property, by one or more of the other partners with the consent of all of the partners whose interests are not so charged.

(d) This [Act] does not deprive a partner of a right under exemption laws with respect to the partner's interest in the partnership.
(e) This section provides the exclusive remedy by which a judgment creditor of a partner or partner's transferee may satisfy a judgment out of the judgment debtor’s transferable interest in the partnership.
ARTICLE 6
PARTNER'S DISSOCIATION

Section 601. Events Causing Partner's Dissociation.
Section 602. Partner's Power to Dissociate; Wrongful Dissociation.
Section 603. Effect of Partner's Dissociation.

SECTION 601. EVENTS CAUSING PARTNER’S DISSOCIATION. A partner is dissociated from a partnership upon the occurrence of any of the following events:

(1) the partnership's having notice of the partner's express will to withdraw as a partner or on a later date specified by the partner;

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

(3) the partner's expulsion pursuant to the partnership agreement;

(4) the partner's expulsion by the unanimous vote of the other partners if:

(i) it is unlawful to carry on the partnership business with that partner;

(ii) there has been a transfer of all or substantially all of that partner's transferable interest in the partnership, other than a transfer for security purposes, or a court order charging the partner's interest, which has not been foreclosed;

(iii) within 90 days after the partnership notifies a corporate partner that it will be expelled because it has filed a certificate of dissolution or the equivalent, its charter has
been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, there is no revocation of the certificate of dissolution or no reinstatement of its charter or its right to conduct business; or

(iv) a partnership that is a partner has been dissolved and its business is being wound up;

(5) on application by the partnership or another partner, the partner’s expulsion by judicial determination because:

(i) the partner engaged in wrongful conduct that adversely and materially affected the partnership business;

(ii) the partner willfully or persistently committed a material breach of the partnership agreement or of a duty owed to the partnership or the other partners under section 404; or

(iii) the partner engaged in conduct relating to the partnership business which makes it not reasonably practicable to carry on the business in partnership with the partner;

(6) the partner’s:

(i) becoming a debtor in bankruptcy;

(ii) executing an assignment for the benefit of creditors;

(iii) seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidator of that partner or of all or substantially all of that partner’s property; or

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

(7) in the case of a partner who is an individual:
   (i) the partner's death;
   (ii) the appointment of a guardian or general conservator for the partner; or
   (iii) a judicial determination that the partner has otherwise become incapable of performing the partner's duties under the partnership agreement;

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

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

(10) termination of a partner who is not an individual, partnership, corporation, trust, or estate.
SECTION 602. PARTNER'S POWER TO DISSOCIATE; WRONGFUL DISSOCIATION.

(a) A partner has the power to dissociate at any time, rightfully or wrongfully, by express will pursuant to Section 601(1).

(b) A partner's dissociation is wrongful only if:

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

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

(i) the partner withdraws by express will, unless the withdrawal follows the dissociation of another partner and results in a right to dissolve the partnership under Section 801(2)(i);

(ii) the partner is expelled by judicial determination under Section 601(5); or

(iii) the partner becomes dissociaed by becoming a debtor in bankruptcy; or

(iv) in the case of a partner who is not an individual, trust other than a business trust, or estate, the partner is expelled or otherwise dissociated because it willfully dissolved or terminated.

(c) A partner who wrongfully dissociates is liable to the partnership and to the other partners for damages caused by the dissociation. The liability is in addition to any other
liability obligation of the partner to the partnership or to the other partners.

SECTION 603. EFFECT OF PARTNER'S DISSOCIATION.

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

(b) Upon a partner's dissociation:

(1) the partner's right to participate in the management and conduct of the partnership business terminates, except as provided in Section 803;

(2) the partner's duty of loyalty under Section 404(b)(3) terminates; and

(3) the partner's duty of loyalty under Section 404(b)(1) and (2) and duty of care under Section 404(c) continue only with regard to matters arising and events occurring before the partner's dissociation, unless the partner participates in winding up the partnership's business pursuant to Section 803.
ARTICLE 7

PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP

Section 701. Purchase of Dissociated Partner's Interest.
Section 702. Dissociated Partner's Power to Bind Partnership.
Section 703. Dissociated Partner's Liability to Other Persons.
Section 704. Statement of Dissociation.
Section 705. Continued Use of Partnership Name.

SECTION 701. PURCHASE OF DISSOCIATED PARTNER'S INTEREST.

(a) If a partner is dissociated from a partnership without resulting in a dissolution and winding up of the partnership business under Section 801, the partnership shall cause the dissociated partner's interest in the partnership to be purchased for a buyout price determined pursuant to subsection (b).

(b) The buyout price of a dissociated partner's interest is the amount that would have been distributable to the dissociating partner under Section 807(b) if, on the date of dissociation, the assets of the partnership were sold at a price equal to the greater of the liquidation value or the value based on a sale of the entire business as a going concern without the dissociated partner and the partnership were wound up as of that date. Interest must be paid from the date of dissociation to the date of payment.

(c) Damages for wrongful dissociation under Section 602(b), and all other amounts owing, whether or not presently due, from the dissociated partner to the partnership, must be offset against the buyout price. Interest must be paid from the date the amount owed becomes due to the date of payment.
(d) A partnership shall indemnify a dissociated partner whose interest is being purchased against all partnership liabilities, whether incurred before the dissociation, except liabilities then unknown to the partnership, and against all partnership liabilities incurred and or after the dissociation, except liabilities incurred by an act of the dissociated partner under Section 702. For purposes of this subsection, a liability not known to a partner other than the dissociated partner is not known to the partnership.

(e) If no agreement for the purchase of a dissociated partner's interest is reached within 120 days after a written demand for payment, the partnership shall pay, or cause to be paid, in cash to the dissociated partner the amount the partnership estimates to be the buyout price and accrued interest, reduced by any offsets and accrued interest under subsection (c).

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

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

(1) a statement of partnership assets and liabilities as of the date of dissociation;
(2) the latest available partnership balance sheet and income statement, if any;
(3) an explanation of how the estimated amount of the payment was calculated; and
(4) written notice that the payment is in full satisfaction of the obligation to purchase unless, within 120 days after the written notice, the dissociated partner commences an action to determine the buyout price, any offsets under subsection (c), or other terms of the obligation to purchase.

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

(i) A dissociated partner may maintain an action against the partnership, pursuant to Section 405(b)(2)(ii), to determine the buyout price of that partner's interest, any offsets under subsection (c), or other terms of the obligation to purchase. The action must be commenced within 120 days after the partnership has tendered payment or an offer to pay or within one year after written demand for payment if no payment or offer to pay is tendered. The court shall determine the buyout price of the dissociated partner's interest, any offset due under
subsection (c), and accrued interest, and enter judgment for any additional payment or refund. If deferred payment is authorized under subsection (h), the court shall also determine the security for payment and other terms of the obligation to purchase. The court may assess reasonable attorney's fees and the fees and expenses of appraisers or other experts for a party to the action, in amounts the court finds equitable, against a party that the court finds acted arbitrarily, vexatiously, or not in good faith. The finding may be based on the partnership's failure to tender payment or an offer to pay or to comply with subsection (g).

SECTION 702. DISSOCIATED PARTNER'S POWER TO BIND AND LIABILITY TO PARTNERSHIP.

(a) For two years after a partner dissociates without resulting in a dissolution and winding up of the partnership business, the partnership, including a surviving partnership under Article 9, is bound by an act of the dissociated partner which would have bound the partnership under Section 301 before dissociation only if at the time of entering into the transaction the other party:

(1) reasonably believed that the dissociated partner was then a partner;

(2) did not have notice of the partner's dissociation; and
(3) is not deemed to have had knowledge under Section 303(e) or notice under Section 704(c).

(b) A dissociated partner is liable to the partnership for any damage caused to the partnership arising from an obligation incurred by the dissociated partner after dissociation for which the partnership is liable under subsection (a).

SECTION 703. DISSOCIATED PARTNER'S LIABILITY TO OTHER PERSONS.

(a) A partner's dissociation does not of itself discharge the partner's liability for a partnership obligation incurred before dissociation. A dissociated partner is not liable for a partnership obligation incurred after dissociation, except as provided in subsection (b).

(b) A partner who dissociates without resulting in a dissolution and winding up of the partnership business is liable as a partner to the other party in a transaction entered into by the partnership, or a surviving partnership under Article 9, within two years after the partner's dissociation, only if at the time of entering into the transaction the other party:

(1) reasonably believed that the dissociated partner was then a partner;

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

(3) is not deemed to have had knowledge under Section 303(e) or notice under Section 704(c).
(c) By agreement with the partnership creditor and the partners continuing the business, a dissociated partner may be released from liability for a partnership obligation.

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

SECTION 704. STATEMENT OF DISSOCIATION.

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

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

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

SECTION 705. CONTINUED USE OF PARTNERSHIP NAME. Continued use of a partnership name, or a dissociated partner's name as part thereof, by partners continuing the business does not of itself make the dissociated partner liable for an obligation of the partners or the partnership continuing the business.
ARTICLE 8
WINDING UP PARTNERSHIP BUSINESS

Section 801. Events Causing Dissolution and Winding Up of Partnership Business.
Section 802. Partnership Continues After Dissolution.
Section 803. Right to Wind Up Partnership Business.
Section 804. Partner’s Power to Bind Partnership After Dissolution.
Section 805. Statement of Dissolution.
Section 806. Partner’s Liability to Other Partners After Dissolution.
Section 807. Settlement of Accounts and Contributions Among Partners.

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

(1) in a partnership at will, the partnership’s having notice from a partner, other than a partner who is dissociated under Section 601(2) through (10), of that partner’s express will to withdraw as a partner, or on a later date specified by the partner;

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

(i) within 90 days after a partner’s wrongful dissociation under Section 602(b) or a partner’s dissociation by death or otherwise under Section 601(6) through (10), the partnership’s having notice from another partner of that partner’s express will to withdraw as a partner;

(ii) within 90 days after a partner’s wrongful dissociation under Section 602(b) or a partner’s dissociation by death or otherwise under Section 601(6) through (10), the partnership’s having notice from another partner of that partner’s express will to withdraw as a partner;
death or otherwise under Section 501(6) through (10), the express will of at least half of the remaining partners; or

(ii) the express will of all of the partners; or

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

(3) an event agreed to in the partnership agreement resulting in the winding up of the partnership business;

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

(5) on application by a partner, a judicial determination that:

(i) the economic purpose of the partnership is likely to be unreasonably frustrated;

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

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

(6) on application by a transforee of a partner's transferable interest, a judicial determination that it is equitable to wind up the partnership business:
(i) after the expiration of the term or completion of
the undertaking, if the partnership was for a definite term or
particular undertaking at the time of the transfer or entry of
the charging order that gave rise to the transfer; or
(ii) at any time, if the partnership was a partnership
at will at the time of the transfer or entry of the charging
order that gave rise to the transfer.

SECTION 802. PARTNERSHIP CONTINUES AFTER DISSOLUTION.
(a) Subject to subsection (b), a partnership continues
after dissolution only for the purpose of winding up its
business. The partnership is terminated when the winding up of
its business is completed.

(b) At any time after the dissolution of a partnership and
before the winding up of its business is completed, all of the
partners, including any dissociating partner other than a
wrongfully dissociating partner, may waive the right to have the
partnership's business wound up and the partnership terminated.
In that event, the partnership resumes carrying on its business
as if dissolution had never occurred and any liability
incurred by the partnership or a partner after the dissolution
and before the waiver is determined as if dissolution had never
occurred, but the rights of a third party accruing under
Section 804, arising out of conduct in reliance on the dissolution
before the third party knew or received a notification of the
waiver may not be adversely affected.

47
SECTION 803. RIGHT TO WIND UP PARTNERSHIP BUSINESS.

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

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

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

SECTION 804. PARTNER'S POWER TO BIND PARTNERSHIP AFTER DISSOLUTION. Subject to Section 805, a partnership is bound by a partner's act after dissolution that:
(1) is appropriate for winding up the partnership business; or

(2) would have bound the partnership under Section 301 before dissolution, if the other party to the transaction did not have notice of the dissolution.

SECTION 805. STATEMENT OF DISSOLUTION.

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

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

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

(d) After filing and, if appropriate, recording a statement of dissolution, a dissolved partnership may file and, if appropriate, record a statement of partnership authority which will operate with respect to a person not a partner as provided in Section 303(d) and (e) in any transaction, whether or not the transaction is appropriate for winding up the partnership business.
SECTION 806. PARTNER'S LIABILITY TO OTHER PARTNERS AFTER DISSOLUTION.

(a) Except as provided in subsection (b), after dissolution a partner is liable to the other partners for the partner's share of any partnership liability incurred under Section 804.

(b) A partner who, with knowledge of the dissolution, incurs a partnership liability under Section 804(2) by an act that is not appropriate for winding up the partnership business is liable to the partnership for any damage caused to the partnership arising from the liability.

SECTION 807. SETTLEMENT OF ACCOUNTS AND CONTRIBUTIONS AMONG PARTNERS.

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

(b) Each partner is entitled to a settlement of all partnership accounts upon winding up the partnership business. In settling accounts among the partners, the profits and losses that result from the liquidation of the partnership assets must
be credited and charged to the partners' accounts. The partnership shall make a distribution to a partner in an amount equal to any excess of the credits over the charges in the partner's account. A partner shall contribute to the partnership an amount equal to any excess of the charges over the credits in the partner's account.

(c) If a partner fails to contribute, all the other partners shall contribute, in the proportions in which the partners share partnership losses, the additional amount necessary to satisfy the partnership obligations. A partner or partner's legal representative may recover from the other partners any contributions the partner makes to the extent the amount contributed exceeds that partner's share of the partnership obligations.

(d) After the settlement of accounts, each partner shall contribute, in the proportion in which the partner shares partnership losses, the amount necessary to satisfy partnership obligations that were not known at the time of the settlement.

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

(f) An assignee for the benefit of creditors of a partnership or a partner, or a person appointed by a court to represent creditors of a partnership or a partner, may enforce a partner's obligation to contribute to the partnership.
ARTICLE 9
CONVERSIONS AND MERGERS

Section 901. Definitions.
Section 902. Conversion of Partnership to Limited Partnership.
Section 903. Conversion of Limited Partnership to Partnership.
Section 904. Effect of Conversion; Entity Unchanged.
Section 905. Merger of Partnerships.
Section 906. Effect of Merger.
Section 907. Statement of Merger.
Section 908. Nonexclusive.

SECTION 901. DEFINITIONS. In this article:

(1) "General partner" means a partner in a general partnership created under this [Act], predecessor law, or comparable law of another jurisdiction and a general partner in a limited partnership.

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

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

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

SECTION 902. CONVERSION OF PARTNERSHIP TO LIMITED PARTNERSHIP.

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

(b) The terms and conditions of a conversion of a partnership to a limited partnership must be approved by all of
the partners or by a number or percentage specified for conversion in the partnership agreement.

(c) After the conversion is approved by the partners, the partnership shall file a certificate of limited partnership which satisfies the requirements of [Section _____ of the State Limited Partnership Act] and in the jurisdiction in which the limited partnership is to be formed. The certificate must include:

(1) a statement that the partnership was converted to a limited partnership from a partnership;

(2) its former name; and

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

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

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

53
obligations of the limited partnership incurred after the
conversion takes effect is that of a limited partner as provided
in the [State Limited Partnership Act].

SECTION 903. CONVERSION OF LIMITED PARTNERSHIP TO
PARTNERSHIP.

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

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

(c) After the conversion is approved by the partners, the
limited partnership shall cancel its certificate of limited
partnership pursuant to [Section ______ of the State Limited
Partnership Act].

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

(e) A limited partner who becomes a general partner as a
result of the conversion remains liable only as a limited partner
for an obligation incurred by the limited partnership before the
conversion takes effect. The partner is liable as a general
partner for an obligation of the partnership incurred after the
conversion takes effect.
SECTION 904.  EFFECT OF CONVERSION; ENTITY UNCHANGED.

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

(b)  When a conversion takes effect:

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

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

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

SECTION 905.  MERGER OF PARTNERSHIPS.

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

(b) The plan of merger must set forth:

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

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

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

(4) the terms and conditions of the merger;
(5) the manner and basis of converting the interests of each party to the merger into interests or obligations of the surviving entity, or into money or other property in whole or part; and

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

(c) The plan of merger must be approved:

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

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

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

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

(1) the approval of the plan of merger by all parties to the merger, as provided in subsection (c);

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

(3) any effective date specified in the plan of merger.
SECTION 906. EFFECT OF MERGER.

(a) When a merger takes effect:

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

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

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

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

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

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

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

(3) all obligations of the surviving entity incurred after the merger takes effect, but those obligations may be satisfied only out of property of the entity if the partner is a limited partner.

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

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

SECTION 907. STATEMENT OF MERGER.

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

(b) A statement of merger must contain:

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

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

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

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

(c) Except as provided in subsection (d), for the purposes of Section 302, property of the surviving partnership or limited partnership which before the merger was held in the name of another party to the merger is property held in the name of the surviving entity upon filing a statement of merger.
(d) For the purposes of Section 302, real property of the surviving partnership or limited partnership which before the merger was held in the name of another party to the merger is property held in the name of the surviving entity upon recording a certified copy of the statement of merger in the office for recording transfers of that real property.

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

SECTION 908. NONEXCLUSIVE. This article is not exclusive. Partnerships or limited partnerships may be converted or merged in any other manner provided by law.
ARTICLE 10
MISCELLANEOUS PROVISIONS

Section 1001. Uniformity of Application and Construction.
Section 1002. Short Title.
Section 1003. Severability.
Section 1004. Effective Date.
Section 1005. Repeals.
Section 1006. Application to Existing Relationships.
Section 1007. Savings Clause.

SECTION 1001. UNIFORMITY OF APPLICATION AND CONSTRUCTION.
This [Act] shall be applied and construed to effectuate its general purpose to make uniform the law with respect to the subject of this [Act] among States enacting it.

SECTION 1002. SHORT TITLE. This [Act] may be cited as the Uniform Partnership Act (1993).

SECTION 1003. SEVERABILITY CLAUSE. If any provision of this [Act] or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this [Act] which can be given effect without the invalid provision or application, and to this end the provisions of this [Act] are severable.

SECTION 1004. EFFECTIVE DATE. This [Act] takes effect . . .
SECTION 1005. REPEALS. The following acts and parts of acts are repealed: [the State Partnership Act as amended and in effect immediately before the adoption of this Act].

SECTION 1006. APPLICATION TO EXISTING RELATIONSHIPS.
(a) Except as provided in subsection (b), this Act applies to all partnerships in existence on its effective date that were formed under [the State Partnership Act] or any predecessor law providing for the formation, operation, and liquidation of partnerships.
(b) A judgment against a partnership or a partner in an action commenced before the effective date of this Act may be enforced in the same manner as a judgment rendered before the effective date of this Act.

SECTION 1005. APPLICABILITY.
(a) Before January 1, 199, this Act governs only a partnership formed:
(1) after the effective date of this Act, unless that partnership is continuing the business of a dissolved partnership under Section 41 of the [prior Uniform Partnership Act]; and
(2) before the effective date of this Act, that elects, as provided by subsection (c), to be governed by this Act.
(b) After January 1, 199, this Act governs all partnerships.
Before January 1, 199..., a partnership voluntarily may elect, in the manner provided in its partnership agreement or by law for amending the partnership agreement, to be governed by this [Act]. The provisions of this [Act] relating to the liability of the partnership's partners to third parties apply to limit those partners' liability to a third party who had done business with the partnership within one year preceding the partnership's election to be governed by this [Act], only if the third party knows or has received a notification of the partnership's election to be governed by this [Act].

SECTION 1006. SAVINGS CLAUSE. This [Act] does not affect an action or proceeding commenced or right accrued before this [Act] takes effect.

SECTION 1007. SAVINGS CLAUSE. The repeal of any statutory provision by this [Act] does not impair or otherwise affect the organization or continued existence of a partnership existing on the effective date of this [Act] or any contract existing or right accrued before the effective date of this [Act].
## Uniform Partnership Act (1994)

### Contents (Redlined Text)

#### ARTICLE 1. GENERAL PROVISIONS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>101. Definitions</td>
<td>1</td>
</tr>
<tr>
<td>102. Knowledge and Notice</td>
<td>3</td>
</tr>
<tr>
<td>103. Effect of Partnership Agreement; Nonwaivable Provisions</td>
<td>4</td>
</tr>
<tr>
<td>104. Supplemental Principles of Law</td>
<td>6</td>
</tr>
<tr>
<td>105. Execution, Filing, and Recording of Statements</td>
<td>6</td>
</tr>
<tr>
<td>106. Law Governing Internal Relations</td>
<td>8</td>
</tr>
<tr>
<td>107. Partnership Subject to Amendment or Repeal of [Act]</td>
<td>8</td>
</tr>
</tbody>
</table>

#### ARTICLE 2. NATURE OF PARTNERSHIP

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>201. Partnership As Entity</td>
<td>9</td>
</tr>
<tr>
<td>202. Formation of Partnership</td>
<td>9</td>
</tr>
<tr>
<td>203. Partnership Property</td>
<td>11</td>
</tr>
<tr>
<td>204. When Property Is Partnership Property</td>
<td>11</td>
</tr>
</tbody>
</table>

#### ARTICLE 3. RELATIONS OF PARTNERS TO PERSONS DEALING WITH PARTNERSHIP

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>301. Partner Agent of Partnership</td>
<td>13</td>
</tr>
<tr>
<td>302. Transfer of Partnership Property</td>
<td>14</td>
</tr>
<tr>
<td>303. Statement of Partnership Authority</td>
<td>15</td>
</tr>
<tr>
<td>304. Statement of Denial</td>
<td>18</td>
</tr>
<tr>
<td>305. Partnership Liable for Partner’s Actionable Conduct</td>
<td>18</td>
</tr>
<tr>
<td>306. Partner’s Liability</td>
<td>19</td>
</tr>
<tr>
<td>307. Actions By and Against Partnership and Partners</td>
<td>19</td>
</tr>
<tr>
<td>308. Liability of Purported Partner</td>
<td>20</td>
</tr>
</tbody>
</table>

#### ARTICLE 4. RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>401. Partner’s Rights and Duties</td>
<td>23</td>
</tr>
<tr>
<td>402. Distributions in Kind</td>
<td>25</td>
</tr>
<tr>
<td>403. Partner’s Information Rights and Duties</td>
<td>25</td>
</tr>
<tr>
<td>404. General Standards of Partner’s Conduct</td>
<td>26</td>
</tr>
<tr>
<td>405. Actions by Partnership and Partners</td>
<td>28</td>
</tr>
<tr>
<td>406. Continuation of Partnership Beyond Definite Term of Particular Undertaking</td>
<td>29</td>
</tr>
</tbody>
</table>

#### ARTICLE 5. TRANSFEREES AND CREDITORS OF PARTNER

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>501. Partner Not Co-Owner of Partnership Property</td>
<td>30</td>
</tr>
<tr>
<td>502. Partner’s Transferable Interest in Partnership</td>
<td>30</td>
</tr>
<tr>
<td>503. Transfer of Partner’s Transferable Interest</td>
<td>30</td>
</tr>
<tr>
<td>504. Partner’s Transferable Interest Subject to Charging Order</td>
<td>32</td>
</tr>
</tbody>
</table>
# ARTICLE 6. PARTNER'S DISSOCIATION

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Events Causing Partner's Dissociation</td>
<td>34</td>
</tr>
<tr>
<td>2. Partner's Power to Dissociate; Wrongful Dissociation</td>
<td>37</td>
</tr>
<tr>
<td>3. Effect of Partner's Dissociation</td>
<td>38</td>
</tr>
</tbody>
</table>

# ARTICLE 7. PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Purchase of Dissociated Partner's Interest</td>
<td>39</td>
</tr>
<tr>
<td>2. Dissociated Partner's Power to Bind Partnership</td>
<td>42</td>
</tr>
<tr>
<td>3. Dissociated Partner's Liability to Other Persons</td>
<td>43</td>
</tr>
<tr>
<td>1. Statement of Dissociation</td>
<td>44</td>
</tr>
<tr>
<td>3. Continued Use of Partnership Name</td>
<td>44</td>
</tr>
</tbody>
</table>

# ARTICLE 8. WINDING UP PARTNERSHIP BUSINESS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Events Causing Dissolution and Winding Up of Partnership Business</td>
<td>45</td>
</tr>
<tr>
<td>Partnership Continues After Dissolution</td>
<td>47</td>
</tr>
<tr>
<td>Right to Wind Up Partnership Business</td>
<td>48</td>
</tr>
<tr>
<td>Partner's Power to Bind Partnership After Dissolution</td>
<td>49</td>
</tr>
<tr>
<td>Statement of Dissolution</td>
<td>49</td>
</tr>
<tr>
<td>Partner's Liability to Other Partners After Dissolution</td>
<td>50</td>
</tr>
<tr>
<td>Settlement of Accounts and Contributions Among Partners</td>
<td>50</td>
</tr>
</tbody>
</table>

# ARTICLE 9. CONVERSIONS AND MERGERS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definitions</td>
<td>52</td>
</tr>
<tr>
<td>Conversion of Partnership to Limited Partnership</td>
<td>52</td>
</tr>
<tr>
<td>Conversion of Limited Partnership to Partnership</td>
<td>54</td>
</tr>
<tr>
<td>Effect of Conversion; Entity Unchanged</td>
<td>55</td>
</tr>
<tr>
<td>Merger of Partnerships</td>
<td>55</td>
</tr>
<tr>
<td>Effect of Merger</td>
<td>57</td>
</tr>
<tr>
<td>Statement of Merger</td>
<td>59</td>
</tr>
<tr>
<td>Nonexclusive</td>
<td>60</td>
</tr>
</tbody>
</table>

# ARTICLE 10. MISCELLANEOUS PROVISIONS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uniformity of Application and Construction</td>
<td>61</td>
</tr>
<tr>
<td>Short Title</td>
<td>61</td>
</tr>
<tr>
<td>Severability</td>
<td>61</td>
</tr>
<tr>
<td>Effective Date</td>
<td>61</td>
</tr>
<tr>
<td>Applicability</td>
<td>62</td>
</tr>
<tr>
<td>Savings Clause</td>
<td>63</td>
</tr>
</tbody>
</table>
UNIFORM PARTNERSHIP ACT (1994)
(Text Only)

ARTICLE 1
GENERAL PROVISIONS

Section 101. Definitions.
Section 102. Knowledge and Notice.
Section 103. Effect of Partnership Agreement; Nonwaivable Provisions.
Section 104. Supplemental Principles of Law.
Section 105. Execution, Filing, and Recording of Statements.
Section 106. Law Governing Internal Affairs Relations.
Section 107. Partnership Subject to Amendment or Repeal of [Act].

SECTION 101. DEFINITIONS. In this [Act]:

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

(2) "Debtor in bankruptcy" means a person who is the subject of:

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

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

(3) "Distribution" means a transfer of money or other property from a partnership to a partner in the partner's capacity as a partner or to the partner's transferee.
1 (4) "Partnership" means an association of two or more persons to carry on as co-owners a business for profit created under Section 202, predecessor law, or comparable law of another jurisdiction.

(5) "Partnership agreement" means an agreement, written or oral, among the partners concerning the partnership, and any amendments to the partnership agreement.

(6) "Partnership at will" means a partnership in which the partners have not agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking.

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

(8) "Person" means an individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(9) "Property" means all property, real, personal, or mixed, tangible or intangible, or any interest therein.

(10) "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or insular possession subject to the jurisdiction of the United States.

(11) "Statement" means a statement of partnership authority under Section 303, a statement of denial under Section
304, a statement of dissociation under Section 704, a statement of dissolution under Section 805, a statement of merger under Section 907, or an amendment or cancellation of any of the foregoing.

(12) "Transfer" includes an assignment, conveyance, lease, mortgage, deed, and encumbrance.

SECTION 102. KNOWLEDGE AND NOTICE.

(a) A person knows a fact if the person has actual knowledge of it.

(b) A person has notice of a fact if the person:
   (1) knows of it;
   (2) has received a notification of it; or
   (3) has reason to know it exists from all of the facts known to the person at the time in question.

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

(d) A person receives a notification when the notification:
   (1) comes to the person's attention; or
   (2) is duly delivered at the person's place of business or at any other place held out by the person as a place for receiving communications.

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

(f) A partner's knowledge, notice, or receipt of a notification of a fact relating to the partnership is effective immediately as knowledge by, notice to, or receipt of a notification by the partnership, but is not effective as such if the partner committed or consented to except in the case of a fraud on the partnership committed by or with the consent of that partner.

SECTION 103. EFFECT OF PARTNERSHIP AGREEMENT; NONWAIVABLE PROVISIONS.

(a) Except as provided in subsection (b), a partnership agreement governs relations among the partners and between the
partners and the partnership are governed by the partnership agreement. To the extent the partnership agreement does not otherwise provide, this [Act] governs relations among the partners and between the partners and the partnership.

(b) The partnership agreement may not:

(1) vary the rights and duties under Section 105 except to eliminate the duty to provide copies of statements to all of the partners;

(2) unreasonably restrict the right of access to books and records under Section 403(b);

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

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

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

(4) unreasonably reduce the duty of care under Section 404(c) or 603(b)(3);

(5) eliminate the obligation of good faith and fair dealing under Section 404(d), but the partners by partnership agreement may determine the standards by which the performance of the obligation is to be measured, if the standards are not manifestly unreasonable;
(6) vary the power to dissociate as a partner under Section 602(a), except to require the notice under Section 601(1) to be in writing;

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

(8) vary the requirement to wind up the partnership business in cases specified in Section 801(4), (5), or (6); or

(9) restrict rights of third parties under this Act.

SECTION 104. SUPPLEMENTAL PRINCIPLES OF LAW.

(a) Unless displaced by particular provisions of this Act, the principles of law and equity supplement this Act.

(b) If an obligation to pay interest arises under this Act and the rate is not specified, the rate is that specified in [applicable statute].

SECTION 105. EXECUTION, FILING, AND RECORDING OF STATEMENTS.

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

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

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

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

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

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

7
SECTION 106. LAW GOVERNING INTERNAL AFFAIRS RELATIONS. The law of the State jurisdiction in which a partnership has its chief executive office governs the partnership's internal affairs relations among the partners and between the partners and the partnership.

SECTION 107. PARTNERSHIP SUBJECT TO AMENDMENT OR REPEAL OF [ACT]. A partnership governed by this [Act] is subject to any amendment to or repeal of this [Act].
ARTICLE 2
NATURE OF PARTNERSHIP

Section 201. Partnership As Entity.
Section 202. Creation of Partnership.
Section 203. Partnership Property.
Section 204. When Property Is Partnership Property.

SECTION 201. PARTNERSHIP AS ENTITY. A partnership is an entity distinct from its partners.

SECTION 202. CREATION OF PARTNERSHIP.
(a) Except as provided in subsection (b), the association of two or more persons to carry on as co-owners a business for profit creates a partnership, whether or not the persons intend to create a partnership.
(b) An association created under a statute other than this Act, a predecessor statute, or a comparable statute of another jurisdiction is not a partnership.
(c) In determining whether a partnership is created, the following rules apply:
(1) Joint tenancy, tenancy in common, tenancy by the entirety, joint property, common property, or part ownership does not by itself establish a partnership, even if the co-owners share profits made by the use of the property.
(2) The sharing of gross returns does not by itself establish a partnership, even if the persons sharing them have a joint or common right or interest in property from which the returns are derived.
A person who receives a share of the profits of a business is presumed to be a partner in the business, unless the profits were received in payment:

(i) of a debt by installments or otherwise;

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

(iii) of rent;

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

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

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

(d) Except as provided by Section 308, persons who are not partners as to each other are not liable as partners as to other persons. [Moved to 308(e)]

(e) A partnership created under this [Act] is a general partnership, and the partners are general partners of the partnership.
SECTION 203. PARTNERSHIP PROPERTY. Property transferred to or otherwise acquired by a partnership is property of the partnership and not of the partners individually.

SECTION 204. WHEN PROPERTY IS PARTNERSHIP PROPERTY.

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

(1) the partnership; or

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

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

(1) the partnership in its name; or

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

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

(d) Property acquired in the name of one or more of the partners, without an indication in the instrument transferring
title to the property of the person's capacity as a partner or of
the existence of a partnership and without use of partnership
assets, is presumed to be separate property, even if used for
partnership purposes.
ARTICLE 3

RELATIONS OF PARTNERS TO PERSONS DEALING WITH PARTNERSHIP

Section 301. Partner Agent of Partnership.
Section 302. Transfer of Partnership Property.
Section 303. Statement of Partnership Authority.
Section 304. Statement of Denial.
Section 305. Partnership Liable for Partner's Actionable Conduct.
Section 306. Partner's Liability.
Section 307. Actions By and Against Partnership and Partners.
Section 308. Liability of Purported Partner.
Section 309. Liability of Incoming Partner.

SECTION 301. PARTNER AGENT OF PARTNERSHIP. Subject to the effect of a statement of partnership authority under Section 303:

(1) Each partner is an agent of the partnership for the purpose of its business. An act of a partner, including the execution of an instrument in the partnership name, for apparently carrying on in the usual way ordinary course the partnership business or business of the kind carried on by the partnership binds the partnership, unless the partner had no authority to act for the partnership in the particular matter and the person with whom the partner was dealing knew or had received a notification that the partner lacked authority.

(2) An act of a partner which is not apparently for carrying on in the usual way ordinary course the partnership business or business of the kind carried on by the partnership binds the partnership only if the act was authorized by the other partners.
SECTION 302. TRANSFER OF PARTNERSHIP PROPERTY.

(a) Partnership property may be transferred as follows:

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

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

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

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

(1) as to a subsequent transferee who gave value for property transferred under subsection (a)(1) or (2), proves that the subsequent transferee knew or had received a notification
that the person who executed the instrument of initial transfer lacked authority to bind the partnership; or

   (2) as to a transferee who gave value for property transferred under subsection (a)(3), proves that the transferee knew or had received a notification that the property was partnership property and that the person who executed the instrument of initial transfer lacked authority to bind the partnership.

   (c) A partnership may not recover partnership property from a subsequent transferee if the partnership would not have been entitled to recover the property, under subsection (b), from any earlier transferee of the property.

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

SECTION 303. STATEMENT OF PARTNERSHIP AUTHORITY.

   (a) A partnership may file a statement of partnership authority, which:

   (1) must include:

   (i) the name of the partnership;

   (ii) the street address of its chief executive office and of one office in this State, if there is one;
(iii) the names and mailing addresses of all of the partners or of an agent appointed and maintained by the partnership for the purpose of subsection (b); and

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

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

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

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

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

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

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

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

(f) Except as provided in subsections (d) and (e) and
Sections 704 and 805, a person not a partner is not deemed to
know of a limitation on the authority of a partner merely because
the limitation is contained in a filed statement.
Unless earlier canceled, a filed statement of partnership authority is canceled by operation of law five years after the date on which the statement, or the most recent amendment, was filed with the [Secretary of State].

SECTION 304. STATEMENT OF DENIAL. A partner or other person named as a partner in a filed statement of partnership authority or in a list maintained by an agent pursuant to Section 303(b) may file a statement of denial stating the name of the partnership and the fact that is being denied, which may include denial of a person's authority or status as a partner. A statement of denial is a limitation on authority to the extent as provided in Section 303(d) and (e).

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

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

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

SECTION 306. PARTNER'S LIABILITY.

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

(b) A person admitted as a partner into an existing
partnership is not personally liable for any partnership
obligation incurred before the person's admission as a partner.

SECTION 307. ACTIONS BY AND AGAINST PARTNERSHIP AND PARTNERS.

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

(b) An action may be brought against the partnership and
any or all of the partners in the same action or in separate
actions.

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

(d) A judgment creditor of a partner may not levy
execution against the assets of the partner to satisfy a judgment
based on a claim against the partnership unless:
(1) a judgment based on the same claim has been obtained against the partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;
(2) the partnership is a debtor in bankruptcy;
(3) the partner has agreed that the creditor need not exhaust partnership assets;
(4) a court grants permission to the judgment creditor to levy execution against the assets of a partner based on a finding that partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of partnership assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or
(5) liability is imposed on the partner by law or contract independent of the existence of the partnership.
(e) This section applies to any partnership liability or obligation resulting from a representation by a partner or purported partner under Section 308.

SECTION 308. LIABILITY OF PURPORTED PARTNER.

(a) If a person, by words or conduct, purports to be a partner, or consents to being represented by another as a partner, in a partnership or with one or more persons not partners, the purported partner is liable to a person to whom the representation is made, if that person, relying on the representation, enters into a transaction with the actual or
purported partnership. If the representation, either by the
purported partner or by a person with the purported partner's
consent, is made in a public manner, the purported partner is
liable to a person who relies upon the purported partnership even
if the purported partner is not aware of being held out as a
partner to the claimant. If partnership liability results, the
purported partner is liable with respect to that liability as if
the purported partner were a partner. If no partnership
liability results, the purported partner is liable with respect
to that liability jointly and severally with any other person
consenting to the representation.

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

(c) A person is not liable as a partner in a partnership
merely because the person is named by another in a statement of
partnership authority.
(d) A person does not continue to be liable as a partner merely because of a failure to file a statement of dissociation or to amend a statement of partnership authority to indicate the partner's dissociation from the partnership.

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

SECTION 309. LIABILITY OF INCOMING PARTNER. A person admitted as a partner into a partnership is liable for all obligations of the partnership incurred before the person's admission as if the person were a partner when the obligations were incurred, but the liability may be satisfied only out of partnership property. [Moved to 306(b)]
ARTICLE 4

RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

Section 401. Partner's Rights and Duties.
Section 402. Distributions in Kind.
Section 403. Partner's Right to Information Rights and Duties.
Section 404. General Standards of Partner's Conduct.
Section 405. Actions by Partnership and Partners.
Section 406. Continuation of Partnership Beyond Definite Term or Particular Undertaking.

SECTION 401. PARTNER'S RIGHTS AND DUTIES.

(a) Each partner is deemed to have an account that is:

(1) credited with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, the partner contributes to the partnership and the partner's share of the partnership profits; and

(2) charged with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, distributed by the partnership to the partner and the partner's share of the partnership losses.

(b) A partnership shall credit each partner's account with an equal share of the partnership profits. A partnership shall charge each partner's account with a share of the partnership losses, whether capital or operating, in proportion to the partner's share of the profits.

(c) A partnership shall indemnify each partner for payments reasonably made and liabilities reasonably incurred by the partner in the ordinary
and proper conduct of the business of the partnership or for the preservation of its business or property.

(d) A partnership shall repay a partner who, in aid of the partnership, makes a payment or for an advance to the partnership beyond the amount of capital the partner agreed to contribute.

(e) A payment or advance made by a partner which gives rise to a partnership obligation under subsection (c) or (d) constitutes a loan to the partnership. Interest accrues which shall accrue interest from the date of the payment or advance.

(f) Each partner has equal rights in the management and conduct of the partnership business.

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

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

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

(j) A difference arising as to a matter in the ordinary course of business of a partnership may be decided by a majority of the partners. An act outside the ordinary course of business of a partnership and an amendment to the partnership agreement may be undertaken only with the consent of all of the partners.
(k) This section does not affect the obligations of a partnership to other persons under Section 301.

SECTION 402. DISTRIBUTIONS IN KIND. A partner has no right to receive, and may not be required to accept, a distribution in kind.

SECTION 403. PARTNER'S RIGHT TO INFORMATION RIGHTS AND DUTIES.

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

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

(c) Each partner and the partnership, on demand, shall furnish to a partner, and to the legal representative of a deceased partner or partner under legal disability, to the extent just and reasonable, complete and accurate information concerning the partnership.
SECTION 404. GENERAL STANDARDS OF PARTNER'S CONDUCT.

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

(b) A partner's duty of loyalty to the partnership and the other partners is limited to the following:

(1) to account to the partnership and hold as trustee for it any property, profit, or benefit derived by the partner in the conduct and winding up of the partnership business or derived from a use by the partner of partnership property, including the appropriation of a partnership opportunity, without the consent of the other partners;

(2) to refrain from dealing with the partnership in the conduct or winding up of the partnership business as or on behalf of a party having an interest adverse to the partnership without the consent of the other partners; and
(3) to refrain from competing with the partnership in
the conduct of the partnership business before the dissolution of
the partnership without the consent of the other partners.

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

(d) A partner shall discharge the duties to the
partnership and the other partners under this [Act] or under the
partnership agreement and exercise any rights consistently with
the obligation of good faith and fair dealing.

(e) A partner does not violate a duty or obligation under
this [Act] or under the partnership agreement merely because the
partner's conduct furthers the partner's own interest.

(f) A partner may lend money to and transact other
business with the partnership. The rights and obligations of the partner who
lends money or transacts business with the partnership are the
same as those of a person who is not a partner, subject to other
applicable law.

(g) This section applies to a person winding up the
partnership business as the personal or legal representative of
the last surviving partner as if the person were a partner.
SECTION 405. ACTIONS BY PARTNERSHIP AND PARTNERS.

(a) A partnership may maintain an action against a partner for a breach of the partnership agreement, or for the violation of a duty to the partnership, causing harm to the partnership.

(b) A partner may maintain an action against the partnership or another partner for legal or equitable relief, including an accounting as to partnership business, to:

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

(2) enforce a partner's rights under this [Act], including:

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

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

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

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

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

SECTION 406. CONTINUATION OF PARTNERSHIP BEYOND DEFINITE TERM OR PARTICULAR UNDERTAKING.

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

(b) If the partners, or those of them who habitually acted in the business during the term or undertaking, continue the business without any settlement or liquidation of the partnership, they are presumed to have agreed that the partnership will continue.
ARTICLE 5
TRANSFEEREES AND CREDITORS OF PARTNER

Section 501. Partner Not Co-Owner of Partnership Property.
Section 502. Partner's Transferable Interest in Partnership.
Section 503. Transfer of Partner's Transferable Interest.
Section 504. Partner's Transferable Interest Subject to Charging Order.

SECTION 501. PARTNER NOT CO-OWNER OF PARTNERSHIP PROPERTY. A partner is not a co-owner of partnership property and has no interest in partnership property which can be transferred, either voluntarily or involuntarily.

SECTION 502. PARTNER'S TRANSFERABLE INTEREST IN PARTNERSHIP. The only transferable interest of a partner in the partnership is the partner's interest in share of the profits and losses of the partnership and the partner's right to receive distributions. The interest is personal property.

SECTION 503. TRANSFER OF PARTNER'S TRANSFERABLE INTEREST.
(a) A transfer, in whole or in part, of a partner's transferable interest in the partnership:
(1) is permissible;
(2) does not by itself cause the partner's dissociation or a dissolution and winding up of the partnership business; and
(3) does not, as against the other partners or the partnership, entitle the transferee, during the continuance of the partnership, to participate in the management or conduct of
the partnership business, to require access to information concerning an account of partnership transactions, or to inspect or copy the partnership books or records.

(b) A transferee of a partner’s transferable interest in the partnership has a right:

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

(2) to receive upon the dissolution and winding up of the partnership business, in accordance with the transfer, the net amount otherwise distributable to the transferor; and

(3) to seek under Section 8C1(6) a judicial determination that it is equitable to wind up the partnership business.

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

(d) Upon transfer, the transferor retains the rights and duties of a partner other than the interest in distributions transferred.

(e) A partnership need not give effect to a transferee’s rights under this section until it has notice of the transfer.

(f) A transfer of a partner’s transferable interest in the partnership in violation of a restriction on transfer contained in the partnership agreement is ineffective as to a person having notice of the restriction at the time of transfer.
SECTION 504. PARTNER'S TRANSFERABLE INTEREST SUBJECT TO CHARGING ORDER.

(a) On application by a judgment creditor of a partner or of a partner's transforee, a court having jurisdiction may charge the transferable interest of the judgment debtor to satisfy the judgment. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor in respect of the partnership and make all other orders, directions, accounts, and inquiries the judgment debtor might have made or which the circumstances of the case may require.

(b) A charging order constitutes a lien on the judgment debtor's transferable interest in the partnership. The court may order a foreclosure of the interest subject to the charging order at any time and upon conditions it considers appropriate. The purchaser at the foreclosure sale has the rights of a transferee.

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

(1) by the judgment debtor;

(2) with property other than partnership property, by one or more of the other partners; or

(3) with partnership property, by one or more of the other partners with the consent of all of the partners whose interests are not so charged.

(d) This [Act] does not deprive a partner of a right under exemption laws with respect to the partner's interest in the partnership.
(e) This section provides the exclusive remedy by which a judgment creditor of a partner or partner's transferee may satisfy a judgment out of the judgment debtor's transferable interest in the partnership.
ARTICLE 6

PARTNER'S DISSOCIATION

Section 601. Events Causing Partner's Dissociation.
Section 602. Partner's Power to Dissociate; Wrongful Dissociation.
Section 603. Effect of Partner's Dissociation.

SECTION 601. EVENTS CAUSING PARTNER'S DISSOCIATION. A partner is dissociated from a partnership upon the occurrence of any of the following events:

(1) the partnership's having notice of the partner's express will to withdraw as a partner or on a later date specified by the partner;

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

(3) the partner's expulsion pursuant to the partnership agreement;

(4) the partner's expulsion by the unanimous vote of the other partners if:

   (i) it is unlawful to carry on the partnership business with that partner;

   (ii) there has been a transfer of all or substantially all of that partner's transferable interest in the partnership, other than a transfer for security purposes, or a court order charging the partner's interest, which has not been foreclosed;

   (iii) within 90 days after the partnership notifies a corporate partner that it will be expelled because it has filed a certificate of dissolution or the equivalent, its charter has
been revoked, or its right to conduct business has been suspended
by the jurisdiction of its incorporation, there is no revocation
of the certificate of dissolution or no reinstatement of its
charter or its right to conduct business; or

(iv) a partnership that is a partner has been dissolved
and its business is being wound up;

(5) on application by the partnership or another partner,
the partner's expulsion by judicial determination because:

(i) the partner engaged in wrongful conduct that
adversely and materially affected the partnership business;

(ii) the partner willfully or persistently committed a
material breach of the partnership agreement or of a duty owed to
the partnership or the other partners under Section 404; or

(iii) the partner engaged in conduct relating to the
partnership business which makes it not reasonably practicable to
carry on the business in partnership with the partner;

(6) the partner's:

(i) becoming a debtor in bankruptcy;

(ii) executing an assignment for the benefit of
creditors;

(iii) seeking, consenting to, or acquiescing in the
appointment of a trustee, receiver, or liquidator of that partner
or of all or substantially all of that partner's property; or

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

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

(i) the partner's death;

(ii) the appointment of a guardian or general conservator for the partner; or

(iii) a judicial determination that the partner has otherwise become incapable of performing the partner's duties under the partnership agreement;

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

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

(10) termination of a partner who is not an individual, partnership, corporation, trust, or estate.
SECTION 602. PARTNER'S POWER TO DISSOCIATE; WRONGFUL DISSOCIATION.

(a) A partner has the power to dissociate at any time, rightfully or wrongfully, by express will pursuant to Section 601(1).

(b) A partner's dissociation is wrongful only if:

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

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

(i) the partner withdraws by express will, unless the withdrawal follows the dissociation of another partner and results in a right to dissolve the partnership under Section 601(2)(i);

(ii) the partner is expelled by judicial determination under Section 601(5); or

(iii) the partner is dissociated by becoming a debtor in bankruptcy; or

(iv) in the case of a partner who is not an individual, trust other than a business trust, or estate, the partner is expelled or otherwise dissociated because it willfully dissolved or terminated.

(c) A partner who wrongfully dissociates is liable to the partnership and to the other partners for damages caused by the dissociation. The liability is in addition to any other
liability obligation of the partner to the partnership or to the other partners.

SECTION 603. EFFECT OF PARTNER'S DISSOCIATION.

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

(b) Upon a partner's dissociation:

(1) the partner's right to participate in the management and conduct of the partnership business terminates, except as provided in Section 803;

(2) the partner's duty of loyalty under Section 404(b)(3) terminates; and

(3) the partner's duty of loyalty under Section 404(b)(1) and (2) and duty of care under Section 404(c) continue only with regard to matters arising or events occurring before the partner's dissociation, unless the partner participates in winding up the partnership's business pursuant to Section 803.
ARTICLE 7

PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP

Section 701. Purchase of Dissociated Partner's Interest.
Section 702. Dissociated Partner's Power to Bind Partnership.
Section 703. Dissociated Partner's Liability to Other Persons.
Section 704. Statement of Dissociation.
Section 705. Continued Use of Partnership Name.

SECTION 701. PURCHASE OF DISSOCIATED PARTNER'S INTEREST.

(a) If a partner is dissociated from a partnership without resulting in a dissolution and winding up of the partnership business under Section 801, the partnership shall cause the dissociated partner's interest in the partnership to be purchased for a buyout price determined pursuant to subsection (b).

(b) The buyout price of a dissociated partner's interest is the amount that would have been distributable to the dissociating partner under Section 807(b) if, on the date of dissociation, the assets of the partnership were sold at a price equal to the greater of the liquidation value or the value based on a sale of the entire business as a going concern without the dissociated partner and the partnership were wound up as of that date. Interest must be paid from the date of dissociation to the date of payment.

(c) Damages for wrongful dissociation under Section 602(b), and all other amounts owing, whether or not presently due, from the dissociated partner to the partnership, must be offset against the buyout price. Interest must be paid from the date the amount owed becomes due to the date of payment.
(d) A partnership shall indemnify a dissociated partner whose interest is being purchased against all partnership liabilities, whether incurred before the dissociation, except liabilities then unknown to the partnership, and against all partnership liabilities incurred or after the dissociation, except liabilities incurred by an act of the dissociated partner under Section 702. For purposes of this subsection, a liability not known to a partner other than the dissociated partner is not known to the partnership.

(e) If no agreement for the purchase of a dissociated partner's interest is reached within 120 days after a written demand for payment, the partnership shall pay, or cause to be paid, in cash to the dissociated partner the amount the partnership estimates to be the buyout price and accrued interest, reduced by any offsets and accrued interest under subsection (c).

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

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

(1) a statement of partnership assets and liabilities as of the date of dissociation;
(2) the latest available partnership balance sheet and income statement, if any;

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

(4) written notice that the payment is in full satisfaction of the obligation to purchase unless, within 120 days after the written notice, the dissociated partner commences an action to determine the buyout price, any offsets under subsection (c), or other terms of the obligation to purchase.

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

(i) A dissociated partner may maintain an action against the partnership, pursuant to Section 405(b)(2)(ii), to determine the buyout price of that partner's interest, any offsets under subsection (c), or other terms of the obligation to purchase. The action must be commenced within 120 days after the partnership has tendered payment or an offer to pay or within one year after written demand for payment if no payment or offer to pay is tendered. The court shall determine the buyout price of the dissociated partner's interest, any offset due under
subsection (c), and accrued interest, and enter judgment for any additional payment or refund. If deferred payment is authorized under subsection (h), the court shall also determine the security for payment and other terms of the obligation to purchase. The court may assess reasonable attorney's fees and the fees and expenses of appraisers or other experts for a party to the action, in amounts the court finds equitable, against a party that the court finds acted arbitrarily, vexatiously, or not in good faith. The finding may be based on the partnership's failure to tender payment or an offer to pay or to comply with subsection (g).

SECTION 702. DISSOCIATED PARTNER'S POWER TO BIND AND LIABILITY TO PARTNERSHIP.

(a) For two years after a partner dissociates without resulting in a dissolution and winding up of the partnership business, the partnership, including a surviving partnership under Article 9, is bound by an act of the dissociated partner which would have bound the partnership under Section 301 before dissociation only if at the time of entering into the transaction the other party:

(1) reasonably believed that the dissociated partner was then a partner;

(2) did not have notice of the partner's dissociation; and
(3) is not deemed to have had knowledge under Section 303(e) or notice under Section 704(c).

(b) A dissociated partner is liable to the partnership for any damage caused to the partnership arising from an obligation incurred by the dissociated partner after dissociation for which the partnership is liable under subsection (a).

SECTION 703. DISSOCIATED PARTNER'S LIABILITY TO OTHER PERSONS.

(a) A partner's dissociation does not of itself discharge the partner's liability for a partnership obligation incurred before dissociation. A dissociated partner is not liable for a partnership obligation incurred after dissociation, except as provided in subsection (b).

(b) A partner who dissociates without resulting in a dissolution and winding up of the partnership business is liable as a partner to the other party in a transaction entered into by the partnership, or a surviving partnership under Article 9, within two years after the partner's dissociation, only if at the time of entering into the transaction the other party:

(1) reasonably believed that the dissociated partner was then a partner;

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

(3) is not deemed to have had knowledge under Section 303(e) or notice under Section 704(c).
(c) By agreement with the partnership creditor and the partners continuing the business, a dissociated partner may be released from liability for a partnership obligation.

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

SECTION 704. STATEMENT OF DISSOCIATION.

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

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

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

SECTION 705. CONTINUED USE OF PARTNERSHIP NAME. Continued use of a partnership name, or a dissociated partner's name as part thereof, by partners continuing the business does not of itself make the dissociated partner liable for an obligation of the partners or the partnership continuing the business.
ARTICLE 8

WINDING UP PARTNERSHIP BUSINESS

Section 801. Events Causing Dissolution and Winding Up of Partnership Business.
Section 802. Partnership Continues After Dissolution.
Section 803. Right to Wind Up Partnership Business.
Section 804. Partner's Power to Bind Partnership After Dissolution.
Section 805. Statement of Dissolution.
Section 806. Partner's Liability to Other Partners After Dissolution.
Section 807. Settlement of Accounts and Contributions Among Partners.

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

(1) in a partnership at will, the partnership's having notice from a partner, other than a partner who is dissociated under Section 601(2) through (10), of that partner's express will to withdraw as a partner, or on a later date specified by the partner;

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

   (i) within 90 days after a partner's wrongful dissociation under Section 602(b) or a partner's dissociation by death or otherwise under Section 601(6) through (10), the partnership's having notice from another partner of that partner's express will to withdraw as a partner of at least half of the remaining partners to wind up the partnership business;
for which purpose a partner's rightful dissociation pursuant to Section 602(b)(2)(i) constitutes the expression of that partner's will; (ii) the express will of all of the partners to wind up the partnership business; or (iii) the expiration of the term or the completion of the undertaking; (3) an event agreed to in the partnership agreement resulting in the winding up of the partnership business; (4) an event that makes it unlawful for all or substantially all of the business of the partnership to be continued, but a cure of illegality within 90 days after notice to the partnership of the event is effective retroactively to the date of the event for purposes of this section; (5) on application by a partner, a judicial determination that: (i) the economic purpose of the partnership is likely to be unreasonably frustrated; (ii) another partner has engaged in conduct relating to the partnership business which makes it not reasonably practicable to carry on the business in partnership with that partner; or (iii) it is not otherwise reasonably practicable to carry on the partnership business in conformity with the partnership agreement; or
on application by a transferee of a partner's transferable interest, a judicial determination that it is equitable to wind up the partnership business:

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

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

SECTION 802. PARTNERSHIP CONTINUES AFTER DISSOLUTION.

(a) Subject to subsection (b), a partnership continues after dissolution only for the purpose of winding up its business. The partnership is terminated when the winding up of its business is completed.

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

(1) the partnership resumes carrying on its business as if dissolution had never occurred, and any liability incurred by the partnership or a partner after the dissolution
and before the waiver is determined as if dissolution had never occurred, but and

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

SECTION 803. RIGHT TO WIND UP PARTNERSHIP BUSINESS.

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

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

(c) A person winding up a partnership's business may preserve the partnership business or property as a going concern for a reasonable time, prosecute and defend actions and proceedings, whether civil, criminal, or administrative, settle and close the partnership's business, dispose of and transfer the partnership's property, discharge the partnership's liabilities, distribute the assets of the partnership pursuant to Section 807, settle disputes by mediation or arbitration, and perform other necessary acts.
SECTION 804. PARTNER'S POWER TO BIND PARTNERSHIP AFTER DISSOLUTION. Subject to Section 805, a partnership is bound by a partner's act after dissolution that:

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

(2) would have bound the partnership under Section 301 before dissolution, if the other party to the transaction did not have notice of the dissolution.

SECTION 805. STATEMENT OF DISSOLUTION.

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

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

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

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

SECTION 806. PARTNER'S LIABILITY TO OTHER PARTNERS AFTER DISSOLUTION.

(a) Except as provided in subsection (b), after dissolution a partner is liable to the other partners for the partner's share of any partnership liability incurred under Section 804.

(b) A partner who, with knowledge of the dissolution, incurs a partnership liability under Section 804(2) by an act that is not appropriate for winding up the partnership business is liable to the partnership for any damage caused to the partnership arising from the liability.

SECTION 807. SETTLEMENT OF ACCOUNTS AND CONTRIBUTIONS AMONG PARTNERS.

(a) In winding up a partnership's business, the assets of the partnership, including the contributions of the partners required by this section, must be applied to discharge its obligations to creditors, including, to the extent permitted by law, partners who are creditors. Any surplus must be applied to pay in cash the net amount distributable to partners in accordance with their right to distributions under subsection (b).
(b) Each partner is entitled to a settlement of all partnership accounts upon winding up the partnership business. In settling accounts among the partners, the profits and losses that result from the liquidation of the partnership assets must be credited and charged to the partners' accounts. The partnership shall make a distribution to a partner in an amount equal to any excess of the credits over the charges in the partner's account. A partner shall contribute to the partnership an amount equal to any excess of the charges over the credits in the partner's account.

(c) If a partner fails to contribute, all the other partners shall contribute, in the proportions in which the partners share partnership losses, the additional amount necessary to satisfy the partnership obligations. A partner or partner's legal representative may recover from the other partners any contributions the partner makes to the extent the amount contributed exceeds that partner's share of the partnership obligations.

(d) After the settlement of accounts, each partner shall contribute, in the proportion in which the partner shares partnership losses, the amount necessary to satisfy partnership obligations that were not known at the time of the settlement.

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

(f) An assignee for the benefit of creditors of a partnership or a partner, or a person appointed by a court to represent creditors of a partnership or a partner, may enforce a partner's obligation to contribute to the partnership.
ARTICLE 9

CONVERSIONS AND MERGERS

SECTION 901. DEFINITIONS. In this article:

(1) "General partner" means a partner in a general partnership created under this Act, predecessor law, or comparable law of another jurisdiction and a general partner in a limited partnership.

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

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

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

SECTION 902. CONVERSION OF PARTNERSHIP TO LIMITED PARTNERSHIP.

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

(b) The terms and conditions of a conversion of a partnership to a limited partnership must be approved by all of
the partners or by a number or percentage specified for conversion in the partnership agreement.

(c) After the conversion is approved by the partners, the partnership shall file a certificate of limited partnership which satisfies the requirements of [Section __ of the State Limited Partnership Act] and in the jurisdiction in which the limited partnership is to be formed. The certificate must include:

1. a statement that the partnership was converted to a limited partnership from a partnership;
2. its former name; and
3. a statement of the number of votes cast by the partners for and against the conversion and, if the vote is less than unanimous, the number or percentage required to approve the conversion under the partnership agreement.

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

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

SECTION 903. CONVERSION OF LIMITED PARTNERSHIP TO PARTNERSHIP.

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

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

c) After the conversion is approved by the partners, the limited partnership shall cancel its certificate of limited partnership pursuant to [Section ____ of the State Limited Partnership Act].

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

(e) A limited partner who becomes a general partner as a result of the conversion remains liable only as a limited partner for an obligation incurred by the limited partnership before the conversion takes effect. The partner is liable as a general partner for an obligation of the partnership incurred after the conversion takes effect.
SECTION 904. EFFECT OF CONVERSION; ENTITY UNCHANGED.

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

(b) When a conversion takes effect:

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

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

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

SECTION 905. MERGER OF PARTNERSHIPS.

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

(b) The plan of merger must set forth:

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

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

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

(4) the terms and conditions of the merger;
(5) the manner and basis of converting the interests of each party to the merger into interests or obligations of the surviving entity, or into money or other property in whole or part; and

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

(c) The plan of merger must be approved:

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

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

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

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

(1) the approval of the plan of merger by all parties to the merger, as provided in subsection (c);

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

(3) any effective date specified in the plan of merger.
SECTION 906. EFFECT OF MERGER.

(a) When a merger takes effect:

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

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

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

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

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

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

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

(3) all obligations of the surviving entity incurred after the merger takes effect, but those obligations may be satisfied only out of property of the entity if the partner is a limited partner.

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

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

SECTION 907. STATEMENT OF MERGER.

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

(b) A statement of merger must contain:

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

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

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

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

(c) Except as provided in subsection (d), for the purposes of Section 302, property of the surviving partnership or limited partnership which before the merger was held in the name of another party to the merger is property held in the name of the surviving entity upon filing a statement of merger.
(d) For the purposes of Section 302, real property of the surviving partnership or limited partnership which before the merger was held in the name of another party to the merger is property held in the name of the surviving entity upon recording a certified copy of the statement of merger in the office for recording transfers of that real property.

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

SECTION 908. NONEXCLUSIVE. This article is not exclusive. Partnerships or limited partnerships may be converted or merged in any other manner provided by law.
ARTICLE 10
MISCELLANEOUS PROVISIONS

Section 1001. Uniformity of Application and Construction.
This [Act] shall be applied and construed to effectuate its
general purpose to make uniform the law with respect to the
subject of this [Act] among States enacting it.

Section 1002. Short Title. This [Act] may be cited as the
Uniform Partnership Act (1994).

Section 1003. Severability Clause. If any provision of this
[Act] or its application to any person or circumstance is held
invalid, the invalidity does not affect other provisions or
applications of this [Act] which can be given effect without the
invalid provision or application, and to this end the provisions
of this [Act] are severable.

Section 1004. Effective Date. This [Act] takes effect . . .
SECTION 1005. REPEALS. The following acts and parts of acts are repealed: [the State Partnership Act as amended and in effect immediately before the adoption of this Act].

SECTION 1006. APPLICATION TO EXISTING RELATIONSHIPS.

(a) Except as provided in subsection (b), this [Act] applies to all partnerships in existence on its effective date that were formed under [the State Partnership Act] or any predecessor law providing for the formation, operation, and liquidation of partnerships.

(b) A judgment against a partnership or a partner in an action commenced before the effective date of this [Act] may be enforced in the same manner as a judgment rendered before the effective date of this [Act].

SECTION 1005. APPLICABILITY.

(a) Before January 1, 1997, this [Act] governs only a partnership formed:

(1) after the effective date of this [Act], unless that partnership is continuing the business of a dissolved partnership under Section 41 of the [prior Uniform Partnership Act]; and

(2) before the effective date of this [Act], that elects, as provided by subsection (c), to be governed by this [Act].

(b) After January 1, 1997, this [Act] governs all partnerships.
(c) Before January 1, 199 _, a partnership voluntarily may
elect, in the manner provided in its partnership agreement or by
law for amending the partnership agreement, to be governed by
this [Act]. The provisions of this [Act] relating to the
liability of the partnership's partners to third parties apply to
limit those partners' liability to a third party who had done
business with the partnership within one year preceding the
partnership's election to be governed by this [Act], only if the
third party knew or has received a notification of the
partnership's election to be governed by this [Act].

SECTION 1006. SAVINGS CLAUSE. This [Act] does not affect an
action or proceeding commenced or right accrued before this [Act]
takes effect.

SECTION 1007. SAVINGS CLAUSE. The repeal of any statutory
provision by this [Act] does not impair or otherwise affect the
organization or continued existence of a partnership existing on
the effective date of this [Act] or any contract existing or
right accrued before the effective date of this [Act].
{c} Before January 1, 1999, a partnership voluntarily may elect, in the manner provided in its partnership agreement or by law for amending the partnership agreement, to be governed by this [Act]. The provisions of this [Act] relating to the liability of the partnership's partners to third parties apply to limit those partners' liability to a third party who had done business with the partnership within one year preceding the partnership's election to be governed by this [Act], only if the third party knows or has received a notification of the partnership's election to be governed by this [Act].

SECTION 1006. SAVINGS CLAUSE. This [Act] does not affect an action or proceeding commenced or right accrued before this [Act] takes effect.

SECTION 1007. SAVINGS CLAUSE. The repeal of any statutory provision by this [Act] does not impair or otherwise affect the organization or continued existence of a partnership existing on the effective date of this [Act] or any contract existing or right accrued before the effective date of this [Act].
MEMORANDUM

Date: February 3, 1994
From: John Larson (FAX: 904/644-5487)
       (TEL: 904/644-5714)
To: RUPA Working Group [* ONLY]:
   Allan Donn (804/628-5566)
   Harry Haynsworth (618/453-8769)*
   Lane Kneedler (804/344-3410)*
   John McCabe (312/915-0187)*
   Jim McKay (202/783-2285)*
   Doc Merrill (510/975-5390)
   Howard Swibel (312/876-0288)

Subject: Style Committee's Comments to 01/18/94 Draft

1. The attached 11 pages reflect the changes proposed by the Style Committee. Style also proposes to add the word "otherwise" to the phrase, "except as otherwise provided," throughout the Act. (My global search reveals it is used in 11 sections.)

2. I can see no objection to the changes except those to §§ 101(5), 401(b), and 1005:

   101(5) [p. 2]: The change on line 7 is OK; I don't like "totality of agreements" at all! Jim and I discussed the amorphous nature of the "partnership agreement" concept, but were unable to come up with mutually satisfactory language. Any suggestions? I am inclined at the point to delete the definition entirely. [Quite apart from style, recent discussions with Bob Hillman and others have caused me some concern about whether the phrase "written or oral" is consistent with the Comment that states the agreement may also be inferred from conduct. How about "written or otherwise"?]

   401(b) [p. 23]: It appears we have used the word "shall" incorrectly. Jim prefers Alt. A; if we must change, I prefer Alt. B (although I don't find A unacceptable). Your thoughts?

   1005 [p. 62]: Jim believes the NCCUSL Style Manual mandates a Repealer. I requested that he discuss this directly with John McCabe.

3. Please let me know ASAP if you object to any of the changes or have any other suggestion. Thanks.
(4) "Partnership" means an association of two or more persons to carry on as co-owners a business for profit created under Section 202, predecessor law, or comparable law of another jurisdiction.

(5) "Partnership agreement" means an agreement, written or oral, among the partners concerning the partnership, including agreements for the partnership agreement.

(6) "Partnership at will" means a partnership in which the partners have not agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking.

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

(8) "Person" means an individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(9) "Property" means all property, real, personal, or mixed, tangible or intangible, or any interest therein.

(10) "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or insular possession subject to the jurisdiction of the United States.

(11) "Statement" means a statement of partnership authority under Section 303, a statement of denial under Section
partners and the partnership are governed by the partnership agreement. To the extent the partnership agreement does not otherwise provide, this [Act] governs relations among the partners and between the partners and the partnership.

(b) A partnership agreement may not:

(1) vary the rights and duties under Section 105 except to eliminate the duty to provide copies of statements to all of the partners;

(2) unreasonably restrict the right of access to books and records under Section 403(b);

(3) eliminate the duty of loyalty under Section 404(b) or 603(b)(3), but the partners by agreement may identify specific types or categories of activities that do not violate the duty of loyalty, if not manifestly unreasonable; or

(4) unreasonably reduce the duty of care under Section 404(c) or 603(b)(3);

(5) eliminate the obligation of good faith and fair dealing under Section 404(d), but the partners by agreement may prescribe the standards by which the performance of the obligation is to be measured, if the standards are not manifestly unreasonable;
SECTION 106. LAW GOVERNING INTERNAL AFFAIRS RELATIONS. The law of the State in which a partnership has its chief executive office governs the partnership's internal affairs relations among the partners and between the partners and the partnership.

SECTION 107. PARTNERSHIP SUBJECT TO AMENDMENT OR REPEAL OF [ACT]. A partnership governed by this [Act] is subject to any amendment to or repeal of this [Act].
ARTICLE 4

RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

Section 401. Partner's Rights and Duties.
Section 402. Distributions in Kind.
Section 403. Partner's Right to Information.
Section 404. General Standards of Partner's Conduct.
Section 405. Actions by Partnership and Partners.
Section 406. Continuation of Partnership Beyond Definite Term or Particular Undertaking.

SECTION 401. PARTNER'S RIGHTS AND DUTIES.

(a) Each partner is deemed to have an account that is:
   (1) credited with an amount equal to the money plus the
       value of any other property, net of the amount of any
       liabilities, the partner contributes to the partnership and the
       partner's share of the partnership profits; and
   (2) charged with an amount equal to the money plus the
       value of any other property, net of the amount of any
       liabilities, distributed by the partnership to the partner and
       the partner's share of the partnership losses.

(b) A partnership shall credit each partner's account
    with an equal share of the partnership profits. A partnership
    shall charge each partner's account with a share of the partnership losses, whether capital or operating,
    in proportion to the partner's share of the profits.

(c) A partnership shall indemnify each partner
    for payments reasonably made and
    liabilities reasonably incurred by the partner in the ordinary
SECTION 401. PARTNER’S RIGHTS AND DUTIES.

(a) Each partner is deemed to have an account that is:

(1) credited with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, the partner contributes to the partnership and the partner’s share of the partnership profits; and

(2) charged with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, distributed by the partnership to the partner and the partner’s share of the partnership losses.

(b) A partnership shall credit each partner’s account with an equal share of the partnership profits—

A partnership shall charge each partner’s account with a share of the partnership losses, whether capital or operating, in proportion to the partner’s share of the profits.

(c) A partnership shall indemnify each partner for payments reasonably made and liabilities reasonably incurred by the partner in the ordinary
and proper conduct of the business of the partnership or for the preservation of its business or property.

(d) A partnership shall repay a partner who, in aid of the partnership, makes a payment or advance beyond the amount of capital the partner agreed to contribute.

(e) A payment made by a partner which gives rise to a partnership obligation under subsection (c) or (d) constitutes a loan to the partnership. Interest accrues from the date of the payment or advance.

(f) Each partner has equal rights in the management and conduct of the partnership business.

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

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

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

(j) A difference arising as to a matter in the ordinary course of business of a partnership may be decided by a majority of the partners. An act outside the ordinary course of business of a partnership and an amendment to the partnership agreement may be undertaken only with the consent of all of the partners.
(k) This section does not affect the obligations of a partnership to other persons under Section 301.

SECTION 402. DISTRIBUTIONS IN KIND. A partner has no right to receive, and may not be required to accept, a distribution in kind.

SECTION 403. PARTNER'S RIGHT TO INFORMATION. (a) A partnership shall keep its books and records, if any, at its chief executive office.

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

(c) Each partner and the partnership, on demand, shall furnish to a partner, and the legal representative of a deceased partner or partner under legal disability, to the extent just and reasonable, complete and accurate information concerning the partnership.
(b) Each partner is entitled to a settlement of all partnership accounts upon winding up the partnership business. In settling accounts among the partners, the profits and losses that result from the liquidation of the partnership assets must be credited and charged to the partners' accounts. The partnership shall make a distribution to a partner in an amount equal to any excess of the credits over the charges in the partner's account. A partner shall contribute to the partnership an amount equal to any excess of the charges over the credits in the partner's account.

(c) If a partner fails to contribute, the other partners shall contribute, in the proportions in which the partners share partnership losses, the additional amount necessary to satisfy the partnership obligations. A partner or partner's legal representative may recover from the other partners any contributions the partner makes to the extent the amount contributed exceeds that partner's share of the partnership obligations.

(d) After the settlement of accounts, each partner shall contribute, in the proportion in which the partner shares partnership losses, the amount necessary to satisfy partnership obligations that were not known at the time of the settlement.

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

(f) An assignee for the benefit of creditors of a partnership or a partner, or a person appointed by a court to represent creditors of a partnership or a partner, may enforce a partner's obligation to contribute to the partnership.
(c) A partner of the surviving partnership or limited partnership is liable for:

1. all obligations of a party to the merger for which the partner was personally liable before the merger;
2. all other obligations of the surviving entity incurred before the merger by a party to the merger, but those obligations may be satisfied only out of property of the entity; and
3. all obligations of the surviving entity incurred after the merger takes effect, but those obligations may be satisfied only out of property of the entity if the partner is a limited partner.

(d) If the obligations incurred before the merger by a party to the merger are not satisfied out of the property of the surviving partnership or limited partnership, the general partners of that party immediately before the effective date of the merger shall contribute the amount necessary to satisfy that party's obligations to the surviving entity, in the manner provided in Section 807 of the State Limited Partnership Act or in Sections and of the Limited Partnership Act, as if the merged party were dissolved.

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

SECTION 907. STATEMENT OF MERGER.
(a) After a merger, the surviving partnership or limited partnership may file a statement that one or more partnerships or limited partnerships have merged into the surviving entity.
(b) A statement of merger must contain:
   (1) the name of each partnership or limited partnership that is a party to the merger;
   (2) the name of the surviving entity into which the other partnerships or limited partnership were merged;
   (3) the street address of the surviving entity's chief executive office and of an office in this State, if any; and
   (4) whether the surviving entity is a partnership or a limited partnership.
(c) Except as provided in subsection (d), for the purposes of Section 302, property of the surviving partnership or limited partnership which before the merger was held in the name of another party to the merger is property held in the name of the surviving entity upon filing a statement of merger.
SECTION 1005. REPEALS. The following acts and parts of acts are repealed: [the State Partnership Act as amended and in effect immediately before the adoption of this Act].

SECTION 1006. APPLICATION TO EXISTING RELATIONSHIPS.

(a) Except as provided in subsection (b), this [Act] applies to all partnerships in existence on its effective date that were formed under [the State Partnership Act] or any predecessor law providing for the formation, operation, and liquidation of partnerships.

(b) A judgment against a partnership or a partner in an action commenced before the effective date of this [Act] may be enforced in the same manner as a judgment rendered before the effective date of this [Act].
DATE: 1/14/94
TO: John McCabe
TELECOPY NUMBER 312-915-0187 OFFICE NUMBER 312-915-0191
CLIENT/MATTER # 90000.003
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NO ANSWER
LINE BUSY
Memorandum from Committee on Style to Executive Committee stating stylistic corrections to Revised Uniform Partnership Act (1992).

TRANSMITTED FROM: James C. McKay, Jr.  Office of the Corporation Counsel  441 Fourth St., N.W., 6th floor  Washington, DC 20001

Phone: (202) 727-6252  Fax number: (202) 727-0431

IN CASE OF TRANSMISSION PROBLEMS, PLEASE CALL (202) 727-6252
February 4, 1994

MEMORANDUM:

TO: Bion M. Gregory  
Chairman  
Executive Committee

FROM: Eugene A. Burdick  
Chairman  
Committee on Style


After reviewing the January 18, 1994 draft of the Uniform Partnership Act (1994), which we received recently, and after extensive discussions between Jim McKay and the reporter, John Larson, we recommend the following stylistic corrections:

1. Section 101(5) (Page 2, Lines 5-7): Amend to read as follows:

   (5) "Partnership agreement" means the governing agreement, whether written, oral, or implied, among the partners concerning the partnership, including amendments to the partnership agreement.

2. Section 103(b)(5) (Page 5, Line 24): Change "determine" to "prescribe".

3. Section 106 (Page 6, Line 3): Delete "the".

4. Section 401(b) (Page 23, Line 20-24): Amend to read as follows:

   (b) Each partner is entitled to an equal share of the partnership profits and is chargeable with a share of the partnership losses in proportion to the partner’s share of the profits.
5. Section 401(e) (Page 24, Line 10): Change "shall accrue" to "accrues".

6. Section 403 (Page 25, Lines 6-7): Amend section heading to read: "PARTNER'S RIGHTS AND DUTIES WITH RESPECT TO INFORMATION".

7. Section 503(c) (Page 31, Line 16): After the word "account" insert "of partnership transactions".

8. Section 807(c) (Page 51, Line 11): After the word "all" insert "of".

9. Section 906(c) (Page 58, Line 19): Delete "of this [Act]."

10. Section 906(e) (Page 59, Line 3): Change "in connection with" to "with respect to".

11. After Section 1004, restore the deleted Section 1005 on repeals, but amend it to read as follows:

   SECTION 1005. REPEALS. Effective January 1, 199__, the following acts and parts of acts are repealed [the State Partnership Act as amended and in effect immediately before the effective date of this Act].

   Renumber Sections 1005 and 1006 as 1006 and 1007, respectively.

12. Section 1006 (Page 62, Line 19), delete the bracket before "prior" and insert a bracket before "Section 41".

13. Change "Except as provided" to "Except as otherwise provided" each time it occurs. (Page 3, Line 24; Page 4, Line 24; Page 9, Line 10; Page 16, Line 20; Page 17, Line 23; Page 19, Line 4; Page 22, Line 5; Page 32, Line 9-10; Page 43, Line 12-13; Page 50, Line 5; Page 59, Line 21).

If you have any questions, please give me a call on (813) 383-2718.

cc: N. Lane Kneedler
    John W. Larson

¹Make conforming change on Contents and on Page 23, Line 5.

²The Comments should reflect that this date is identical to the date on Page 62, Lines 15 and 21.
UNIFORM PARTNERSHIP ACT (1994)

The Committee that acted for the National Conference of Commissioners on Uniform State Laws in preparing the Uniform Partnership Act (1994) was as follows:

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Final, approved copies of this Act and copies of all Uniform and Model Acts and other printed matter issued by the Conference may be obtained from:

NATIONAL CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS
676 North St. Clair Street, Suite 1700
Chicago, Illinois 60611
312/915-0195
# UNIFORM PARTNERSHIP ACT (1994)

## Contents (Redlined Text)

**ARTICLE 1. GENERAL PROVISIONS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>101.</td>
<td>Definitions</td>
<td>1</td>
</tr>
<tr>
<td>102.</td>
<td>Knowledge and Notice</td>
<td>3</td>
</tr>
<tr>
<td>103.</td>
<td>Effect of Partnership Agreement; Nonwaivable Provisions</td>
<td>5</td>
</tr>
<tr>
<td>104.</td>
<td>Supplemental Principles of Law</td>
<td>6</td>
</tr>
<tr>
<td>105.</td>
<td>Execution, Filing, and Recording of Statements</td>
<td>6</td>
</tr>
<tr>
<td>106.</td>
<td>Law Governing Internal Relations</td>
<td>8</td>
</tr>
<tr>
<td>107.</td>
<td>Partnership Subject to Amendment or Repeal of [Act]</td>
<td>8</td>
</tr>
</tbody>
</table>

**ARTICLE 2. NATURE OF PARTNERSHIP**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>201.</td>
<td>Partnership As Entity</td>
<td>9</td>
</tr>
<tr>
<td>202.</td>
<td>Formation of Partnership</td>
<td>9</td>
</tr>
<tr>
<td>203.</td>
<td>Partnership Property</td>
<td>11</td>
</tr>
<tr>
<td>204.</td>
<td>When Property Is Partnership Property</td>
<td>11</td>
</tr>
</tbody>
</table>

**ARTICLE 3. RELATIONS OF PARTNERS TO PERSONS DEALING WITH PARTNERSHIP**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>301.</td>
<td>Partner Agent of Partnership</td>
<td>13</td>
</tr>
<tr>
<td>302.</td>
<td>Transfer of Partnership Property</td>
<td>14</td>
</tr>
<tr>
<td>303.</td>
<td>Statement of Partnership Authority</td>
<td>15</td>
</tr>
<tr>
<td>304.</td>
<td>Statement of Denial</td>
<td>18</td>
</tr>
<tr>
<td>305.</td>
<td>Partnership Liable for Partner’s Actionable Conduct</td>
<td>18</td>
</tr>
<tr>
<td>306.</td>
<td>Partner’s Liability</td>
<td>19</td>
</tr>
<tr>
<td>307.</td>
<td>Actions By and Against Partnership and Partners</td>
<td>19</td>
</tr>
<tr>
<td>308.</td>
<td>Liability of Purported Partner</td>
<td>20</td>
</tr>
</tbody>
</table>

**ARTICLE 4. RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>401.</td>
<td>Partner’s Rights and Duties</td>
<td>23</td>
</tr>
<tr>
<td>402.</td>
<td>Distributions in Kind</td>
<td>25</td>
</tr>
<tr>
<td>403.</td>
<td>Partner’s Rights and Duties with respect to Information</td>
<td>25</td>
</tr>
<tr>
<td>404.</td>
<td>General Standards of Partner’s Conduct</td>
<td>26</td>
</tr>
<tr>
<td>405.</td>
<td>Actions by Partnership and Partners</td>
<td>28</td>
</tr>
<tr>
<td>406.</td>
<td>Continuation of Partnership Beyond Definite Term of Particular Undertaking</td>
<td>29</td>
</tr>
</tbody>
</table>

**ARTICLE 5. TRANSFEREES AND CREDITORS OF PARTNER**

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>501.</td>
<td>Partner Not Co-Owner of Partnership Property</td>
<td>30</td>
</tr>
<tr>
<td>502.</td>
<td>Partner’s Transferable Interest in Partnership</td>
<td>30</td>
</tr>
<tr>
<td>503.</td>
<td>Transfer of Partner’s Transferable Interest</td>
<td>30</td>
</tr>
<tr>
<td>504.</td>
<td>Partner’s Transferable Interest Subject to Charging Order</td>
<td>32</td>
</tr>
</tbody>
</table>
ARTICLE 6. PARTNER'S DISSOCIATION

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>601.</td>
<td>Events Causing Partner’s Dissociation</td>
<td>34</td>
</tr>
<tr>
<td>602.</td>
<td>Partner’s Power to Dissociate; Wrongful Dissociation</td>
<td>37</td>
</tr>
<tr>
<td>603.</td>
<td>Effect of Partner’s Dissociation</td>
<td>38</td>
</tr>
</tbody>
</table>

ARTICLE 7. PARTNER’S DISSOCIATION WHEN BUSINESS NOT WOUND UP

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>701.</td>
<td>Purchase of Dissociated Partner’s Interest</td>
<td>39</td>
</tr>
<tr>
<td>702.</td>
<td>Dissociated Partner’s Power to Bind Partnership</td>
<td>42</td>
</tr>
<tr>
<td>703.</td>
<td>Dissociated Partner’s Liability to Other Persons</td>
<td>43</td>
</tr>
<tr>
<td>704.</td>
<td>Statement of Dissociation</td>
<td>44</td>
</tr>
<tr>
<td>705.</td>
<td>Continued Use of Partnership Name</td>
<td>44</td>
</tr>
</tbody>
</table>

ARTICLE 8. WINDING UP PARTNERSHIP BUSINESS

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>801.</td>
<td>Events Causing Dissolution and Winding Up of Partnership Business</td>
<td>45</td>
</tr>
<tr>
<td>802.</td>
<td>Partnership Continues After Dissolution</td>
<td>47</td>
</tr>
<tr>
<td>803.</td>
<td>Right to Wind Up Partnership Business</td>
<td>48</td>
</tr>
<tr>
<td>804.</td>
<td>Partner’s Power to Bind Partnership After Dissolution</td>
<td>49</td>
</tr>
<tr>
<td>805.</td>
<td>Statement of Dissolution</td>
<td>49</td>
</tr>
<tr>
<td>806.</td>
<td>Partner’s Liability to Other Partners After Dissolution</td>
<td>50</td>
</tr>
<tr>
<td>807.</td>
<td>Settlement of Accounts and Contributions Among Partners</td>
<td>50</td>
</tr>
</tbody>
</table>

ARTICLE 9. CONVERSIONS AND MERGERS

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>901.</td>
<td>Definitions</td>
<td>52</td>
</tr>
<tr>
<td>902.</td>
<td>Conversion of Partnership to Limited Partnership</td>
<td>52</td>
</tr>
<tr>
<td>903.</td>
<td>Conversion of Limited Partnership to Partnership</td>
<td>54</td>
</tr>
<tr>
<td>904.</td>
<td>Effect of Conversion; Entity Unchanged</td>
<td>55</td>
</tr>
<tr>
<td>905.</td>
<td>Merger of Partnerships</td>
<td>55</td>
</tr>
<tr>
<td>906.</td>
<td>Effect of Merger</td>
<td>57</td>
</tr>
<tr>
<td>907.</td>
<td>Statement of Merger</td>
<td>59</td>
</tr>
<tr>
<td>908.</td>
<td>Nonexclusive</td>
<td>60</td>
</tr>
</tbody>
</table>

ARTICLE 10. MISCELLANEOUS PROVISIONS

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1001.</td>
<td>Uniformity of Application and Construction</td>
<td>61</td>
</tr>
<tr>
<td>1002.</td>
<td>Short Title</td>
<td>61</td>
</tr>
<tr>
<td>1003.</td>
<td>Severability</td>
<td>61</td>
</tr>
<tr>
<td>1004.</td>
<td>Effective Date</td>
<td>61</td>
</tr>
<tr>
<td>1005.</td>
<td>Repeals</td>
<td>62</td>
</tr>
<tr>
<td>1006.</td>
<td>Applicability</td>
<td>62</td>
</tr>
<tr>
<td>1007.</td>
<td>Savings Clause</td>
<td>63</td>
</tr>
</tbody>
</table>
UNIFORM PARTNERSHIP ACT (1994)

(Text Redlined From 1993 Act [REV. 10/14/93])

ARTICLE 1

GENERAL PROVISIONS

Section 101. Definitions.
Section 102. Knowledge and Notice.
Section 103. Effect of Partnership Agreement; Nonwaivable Provisions.
Section 104. Supplemental Principles of Law.
Section 105. Execution, Filing, and Recording of Statements.
Section 106. Law Governing Internal Affairs Relations.
Section 107. Partnership Subject to Amendment or Repeal of [Act].

SECTION 101. DEFINITIONS. In this [Act]:

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

(2) "Debtor in bankruptcy" means a person who is the subject of:

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

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

(3) "Distribution" means a transfer of money or other property from a partnership to a partner in the partner's capacity as a partner or to the partner's transferee.
(4) "Partnership" means an association of two or more persons to carry on as co-owners a business for profit created under Section 202, predecessor law, or comparable law of another jurisdiction.

(5) "Partnership agreement" means an oral agreement, whether written, or oral, or implied, among the partners concerning the partnership, including amendments to the partnership agreement.

(6) "Partnership at will" means a partnership in which the partners have not agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking.

(7) "Partnership interest" or "partner’s interest in the partnership" means all of a partner’s interests in the partnership, including the partner's transferable interest and all management and other rights.

(8) "Person" means an individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(9) "Property" means all property, real, personal, or mixed, tangible or intangible, or any interest therein.

(10) "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or insular possession subject to the jurisdiction of the United States.
(11) "Statement" means a statement of partnership authority under Section 303, a statement of denial under Section 304, a statement of dissociation under Section 704, a statement of dissolution under Section 805, a statement of merger under Section 907, or an amendment or cancellation of any of the foregoing.

(12) "Transfer" includes an assignment, conveyance, lease, mortgage, deed, and encumbrance.

SECTION 102. KNOWLEDGE AND NOTICE.

(a) A person knows a fact if the person has actual knowledge of it.

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

(1) knows of it;

(2) has received a notification of it; or

(3) has reason to know it exists from all of the facts known to the person at the time in question.

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

(d) A person receives a notification when it the notification:

(1) comes to the person's attention; or

(2) is duly delivered at the person's place of business or at any other place held out by the person as a place for receiving communications.
(e) Except as otherwise provided in subsection (f), a person other than an individual knows, has notice, or receives a notification of a fact for purposes of a particular transaction when the individual conducting the transaction knows, has notice, or receives a notification of the fact, or in any event when the fact would have been brought to the individual's attention if the person had exercised reasonable diligence. The person exercises reasonable diligence if it maintains reasonable routines for communicating significant information to the individual conducting the transaction and there is reasonable compliance with the routines. Reasonable diligence does not require an individual acting for the person to communicate information unless the communication is part of the individual's regular duties or the individual has reason to know of the transaction and that the transaction would be materially affected by the information.

(f) A partner’s knowledge, notice, or receipt of a notification of a fact relating to the partnership is effective immediately as knowledge by, notice to, or receipt of a notification by the partnership, but is not effective as such if the partner committed or consented to except in the case of a fraud on the partnership committed by or with the consent of that partner.
SECTION 103. EFFECT OF PARTNERSHIP AGREEMENT; NONWAIVABLE
PROVISIONS.

(a) Except as otherwise provided in subsection (b), a
partnership agreement governs relations among the partners and
between the partners and the partnership are governed by the
partnership agreement. To the extent the partnership agreement
does not otherwise provide, this [Act] governs relations among
the partners and between the partners and the partnership.

(b) A The partnership agreement may not:

(1) vary the rights and duties under Section 105 except
to eliminate the duty to provide copies of statements to all of
the partners;

(2) unreasonably restrict the right of access to books
and records under Section 403(b);

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

   [i] the partners by partnership agreement may
identify specific types or categories of activities that do not
violate the duty of loyalty, if not manifestly unreasonable; or

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

(4) unreasonably reduce the duty of care under Section
404(c) or 603(b)(3):
(5) eliminate the obligation of good faith and fair dealing under Section 404(d), but the partners by partnership agreement may determine prescribe the standards by which the performance of the obligation is to be measured, if the standards are not manifestly unreasonable;

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

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

(8) vary the requirement to wind up the partnership business in cases specified in Section 801(4), (5), or (6); or

(9) restrict rights of third parties under this [Act].

SECTION 104. SUPPLEMENTAL PRINCIPLES OF LAW.

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

(b) If an obligation to pay interest arises under this [Act] and the rate is not specified, the rate is that specified in [applicable statute].

SECTION 105. EXECUTION, FILING, AND RECORDING OF STATEMENTS.

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

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

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

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

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

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

SECTION 106. LAW GOVERNING INTERNAL AFFAIRS RELATIONS. The law of the State jurisdiction in which a partnership has its chief executive office governs the partnership's internal affairs relations among the partners and between the partners and the partnership.

SECTION 107. PARTNERSHIP SUBJECT TO AMENDMENT OR REPEAL OF [ACT]. A partnership governed by this [Act] is subject to any amendment to or repeal of this [Act].
ARTICLE 2

NATURE OF PARTNERSHIP

Section 201. Partnership As Entity.
Section 202. Creation Formation of Partnership.
Section 203. Partnership Property.
Section 204. When Property Is Partnership Property.

SECTION 201. PARTNERSHIP AS ENTITY. A partnership is an entity distinct from its partners.

SECTION 202. CREATION FORMATION OF PARTNERSHIP.

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

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

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

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

(2) The sharing of gross returns does not by itself establish a partnership, even if the persons sharing them have a joint or common right or interest in property from which the returns are derived.
(3) A person who receives a share of the profits of a business is presumed to be a partner in the business, unless the profits were received in payment:

   (i) of a debt by installments or otherwise;
   (ii) for services as an independent contractor or of wages or other compensation to an employee;
       (iii) of rent;
   (iv) of an annuity or other retirement or health benefit to a beneficiary, representative, or designee of a deceased or retired partner;
   (v) of interest or other charge on a loan, even if the amount of payment varies with the profits of the business, including a direct or indirect present or future ownership of the collateral, or rights to income, proceeds, or increase in value derived from the collateral; or
   (vi) for the sale of the goodwill of a business or other property by installments or otherwise.

(d) Except as provided by Section 308, persons who are not partners as to each other are not liable as partners as to other persons. [Moved to 308(e)]

(e) A partnership created under this Act is a general partnership, and the partners are general partners of the partnership.
SECTION 203. PARTNERSHIP PROPERTY. Property transferred to or otherwise acquired by a partnership is property of the partnership and not of the partners individually.

SECTION 204. WHEN PROPERTY IS PARTNERSHIP PROPERTY.

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

(1) the partnership; or

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

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

(1) the partnership in its name; or

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

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

(d) Property acquired in the name of one or more of the partners, without an indication in the instrument transferring
title to the property of the person's capacity as a partner or of the existence of a partnership and without use of partnership assets, is presumed to be separate property, even if used for partnership purposes.
ARTICLE 3

RELATIONS OF PARTNERS TO
PERSONS DEALING WITH PARTNERSHIP

Section 301. Partner Agent of Partnership.
Section 302. Transfer of Partnership Property.
Section 303. Statement of Partnership Authority.
Section 304. Statement of Denial.
Section 305. Partnership Liable for Partner's Actionable Conduct.
Section 306. Partner's Liability.
Section 307. Actions By and Against Partnership and Partners.
Section 308. Liability of Purported Partner.
Section 309. Liability of Incoming Partner.

SECTION 301. PARTNER AGENT OF PARTNERSHIP. Subject to the effect of a statement of partnership authority under Section 303:

(1) Each partner is an agent of the partnership for the purpose of its business. An act of a partner, including the execution of an instrument in the partnership name, for apparently carrying on in the usual way ordinary course the partnership business or business of the kind carried on by the partnership binds the partnership, unless the partner had no authority to act for the partnership in the particular matter and the person with whom the partner was dealing knew or had received a notification that the partner lacked authority.

(2) An act of a partner which is not apparently for carrying on in the usual way ordinary course the partnership business or business of the kind carried on by the partnership binds the partnership only if the act was authorized by the other partners.
SECTION 302. TRANSFER OF PARTNERSHIP PROPERTY.

(a) Partnership property may be transferred as follows:

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

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

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

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

(1) as to a subsequent transferee who gave value for
property transferred under subsection (a)(1) or (2), proves that
the subsequent transferee knew or had received a notification
that the person who executed the instrument of initial transfer lacked authority to bind the partnership; or

(2) as to a transferee who gave value for property transferred under subsection (a)(3), proves that the transferee knew or had received a notification that the property was partnership property and that the person who executed the instrument of initial transfer lacked authority to bind the partnership.

(c) A partnership may not recover partnership property from a subsequent transferee if the partnership would not have been entitled to recover the property, under subsection (b), from any earlier transferee of the property.

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

SECTION 303. STATEMENT OF PARTNERSHIP AUTHORITY.

(a) A partnership may file a statement of partnership authority, which:

(1) must include:

(i) the name of the partnership;

(ii) the street address of its chief executive office and of one office in this State, if there is one;
(iii) the names and mailing addresses of all of the partners or of an agent appointed and maintained by the partnership for the purpose of subsection (b); and

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

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

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

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

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

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

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

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

(f) Except as otherwise provided in subsections (d) and (e) and Sections 704 and 805, a person not a partner is not deemed to know of a limitation on the authority of a partner merely because the limitation is contained in a filed statement.
(g) Unless earlier canceled, a filed statement of partnership authority is canceled by operation of law five years after the date on which the statement, or the most recent amendment, was filed with the [Secretary of State].

SECTION 304. STATEMENT OF DENIAL. A partner or other person named as a partner in a filed statement of partnership authority or in a list maintained by an agent pursuant to Section 303(b) may file a statement of denial stating the name of the partnership and the fact that is being denied, which may include denial of a person's authority or status as a partner. A statement of denial is a limitation on authority to the extent as provided in Section 303(d) and (e).

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

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

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

SECTION 306. PARTNER’S LIABILITY.

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

(b) A person admitted as a partner into an existing
partnership is not personally liable for any partnership
obligation incurred before the person’s admission as a partner.

SECTION 307. ACTIONS BY AND AGAINST PARTNERSHIP AND PARTNERS.

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

(b) An action may be brought against the partnership and
any or all of the partners in the same action or in separate
actions.

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

(d) A judgment creditor of a partner may not levy
execution against the assets of the partner to satisfy a judgment
based on a claim against the partnership unless:
(1) a judgment based on the same claim has been obtained against the partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;
(2) the partnership is a debtor in bankruptcy;
(3) the partner has agreed that the creditor need not exhaust partnership assets;
(4) a court grants permission to the judgment creditor to levy execution against the assets of a partner based on a finding that partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of partnership assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or
(5) liability is imposed on the partner by law or contract independent of the existence of the partnership.

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

SECTION 308. LIABILITY OF PURPORTED PARTNER.

(a) If a person, by words or conduct, purports to be a partner, or consents to being represented by another as a partner, in a partnership or with one or more persons not partners, the purported partner is liable to a person to whom the representation is made, if that person, relying on the representation, enters into a transaction with the actual or
purported partnership. If the representation, either by the
purported partner or by a person with the purported partner’s
consent, is made in a public manner, the purported partner is
liable to a person who relies upon the purported partnership even
if the purported partner is not aware of being held out as a
partner to the claimant. If partnership liability results, the
purported partner is liable with respect to that liability as if
the purported partner were a partner. If no partnership
liability results, the purported partner is liable with respect
to that liability jointly and severally with any other person
consenting to the representation.

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

(c) A person is not liable as a partner in a partnership
merely because the person is named by another in a statement of
partnership authority.
(d) A person does not continue to be liable as a partner merely because of a failure to file a statement of dissociation or to amend a statement of partnership authority to indicate the partner’s dissociation from the partnership.

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

SECTION 309. LIABILITY OF INCOMING PARTNER. A person admitted as a partner into a partnership is liable for all obligations of the partnership incurred before the person’s admission as if the person were a partner when the obligations were incurred, but the liability may be satisfied only out of partnership property. [Moved to 306(b)]
ARTICLE 4

RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

Section 401. Partner’s Rights and Duties.
Section 402. Distributions in Kind.
Section 403. Partner’s Rights and Duties with respect to Information.
Section 404. General Standards of Partner’s Conduct.
Section 405. Actions by Partnership and Partners.
Section 406. Continuation of Partnership Beyond Definite Term or Particular Undertaking.

SECTION 401. PARTNER’S RIGHTS AND DUTIES.

(a) Each partner is deemed to have an account that is:

(1) credited with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, the partner contributes to the partnership and the partner’s share of the partnership profits; and

(2) charged with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, distributed by the partnership to the partner and the partner’s share of the partnership losses.

(b) A partnership shall credit each partner’s account with an equal share of the partnership profits. A partnership and shall charge each partner’s account is chargeable with a share of the partnership losses, whether capital or operating, in proportion to the partner’s share of the profits.

(c) A partnership shall indemnify each partner for payments reasonably made and indemnify a partner for liabilities reasonably incurred by the partner in the ordinary
and proper conduct course of the business of the partnership or for the preservation of its business or property.

(d) A partnership shall repay reimburse a partner who, in aid of the partnership, makes a payment or for an advance to the partnership beyond the amount of capital the partner agreed to contribute.

(e) A payment or advance made by a partner which gives rise to a partnership obligation under subsection (c) or (d) constitutes a loan to the partnership. Interest accrues which accrues interest from the date of the payment or advance.

(f) Each partner has equal rights in the management and conduct of the partnership business.

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

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

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

(j) A difference arising as to a matter in the ordinary course of business of a partnership may be decided by a majority of the partners. An act outside the ordinary course of business of a partnership and an amendment to the partnership agreement may be undertaken only with the consent of all of the partners.
(k) This section does not affect the obligations of a partnership to other persons under Section 301.

SECTION 402. DISTRIBUTIONS IN KIND. A partner has no right to receive, and may not be required to accept, a distribution in kind.

SECTION 403. PARTNER’S RIGHTS AND DUTIES WITH RESPECT TO INFORMATION.

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

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

(c) Each partner and the partnership, on demand, shall furnish to a partner, and to the legal representative of a deceased partner or partner under legal disability, to the extent just and reasonable, complete and accurate information concerning the partnership.
(1) without demand, any information concerning the partnership’s business and affairs reasonably required for the proper exercise of the partner’s rights and duties under the partnership agreement or this [Act]; and

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

SECTION 404. GENERAL STANDARDS OF PARTNER’S CONDUCT.

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

(b) A partner’s duty of loyalty to the partnership and the other partners is limited to the following:

(1) to account to the partnership and hold as trustee for it any property, profit, or benefit derived by the partner in the conduct and winding up of the partnership business or derived from a use by the partner of partnership property, including the appropriation of a partnership opportunity, without the consent of the other partners;

(2) to refrain from dealing with the partnership in the conduct or winding up of the partnership business as or on behalf of a party having an interest adverse to the partnership without the consent of the other partners; and
(3) to refrain from competing with the partnership in
the conduct of the partnership business before the dissolution of
the partnership without the consent of the other partners.

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

(d) A partner shall discharge the duties to the
partnership and the other partners under this [Act] or under the
partnership agreement and exercise any rights consistently with
the obligation of good faith and fair dealing.

(e) A partner does not violate a duty or obligation under
this [Act] or under the partnership agreement merely because the
partner's conduct furthers the partner's own interest.

(f) A partner may lend money to and transact other
business with the partnership—the, and as to each loan or
transaction, the rights and obligations of a the partner who
lends money to or transacts business with the partnership are the
same as those of a person who is not a partner, subject to other
applicable law.

(g) This section applies to a person winding up the
partnership business as the personal or legal representative of
the last surviving partner as if the person were a partner.
SECTION 405. ACTIONS BY PARTNERSHIP AND PARTNERS.

(a) A partnership may maintain an action against a partner for a breach of the partnership agreement, or for the violation of a duty to the partnership, causing harm to the partnership.

(b) A partner may maintain an action against the partnership or another partner for legal or equitable relief, including with or without an accounting as to partnership business, to:

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

(2) enforce a the partner's rights under this [Act], including:

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

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

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

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

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

SECTION 406. CONTINUATION OF PARTNERSHIP BEYOND DEFINITE TERM OR PARTICULAR UNDERTAKING.

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

(b) If the partners, or those of them who habitually acted in the business during the term or undertaking, continue the business without any settlement or liquidation of the partnership, they are presumed to have agreed that the partnership will continue.
ARTICLE 5

TRANSFEREEES AND CREDITORS OF PARTNER

Section 501. Partner Not Co-Owner of Partnership Property.
Section 502. Partner’s Transferable Interest in Partnership.
Section 503. Transfer of Partner’s Transferable Interest.
Section 504. Partner’s Transferable Interest Subject to Charging Order.

SECTION 501. PARTNER NOT CO-OWNER OF PARTNERSHIP PROPERTY. A partner is not a co-owner of partnership property and has no interest in partnership property which can be transferred, either voluntarily or involuntarily.

SECTION 502. PARTNER’S TRANSFERABLE INTEREST IN PARTNERSHIP. The only transferable interest of a partner in the partnership is the partner’s interest in share of the profits and losses of the partnership and the partner’s right to receive distributions. The interest is personal property.

SECTION 503. TRANSFER OF PARTNER’S TRANSFERABLE INTEREST. (a) A transfer, in whole or in part, of a partner’s transferable interest in the partnership:

(1) is permissible;

(2) does not by itself cause the partner’s dissociation or a dissolution and winding up of the partnership business; and

(3) does not, as against the other partners or the partnership, entitle the transferee, during the continuance of the partnership, to participate in the management or conduct of
the partnership business, to require access to information concerning or an account of partnership transactions, or to inspect or copy the partnership books or records.

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

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

(2) to receive upon the dissolution and winding up of the partnership business, in accordance with the transfer, the net amount otherwise distributable to the transferor; and

(3) to seek under Section 801(6) a judicial determination that it is equitable to wind up the partnership business.

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

(d) Upon transfer, the transferor retains the rights and duties of a partner other than the interest in distributions transferred.

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

(f) A transfer of a partner's transferable interest in the partnership in violation of a restriction on transfer contained in the partnership agreement is ineffective as to a person having notice of the restriction at the time of transfer.
SECTION 504. PARTNER'S TRANSFERABLE INTEREST SUBJECT TO CHARGING ORDER.

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

(b) A charging order constitutes a lien on the judgment debtor's transferable interest in the partnership. The court may order a foreclosure of the interest subject to the charging order at any time and upon conditions it considers appropriate. The purchaser at the foreclosure sale has the rights of a transferee.

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

(1) by the judgment debtor;

(2) with property other than partnership property, by one or more of the other partners; or

(3) with partnership property, by one or more of the other partners with the consent of all of the partners whose interests are not so charged.

(d) This [Act] does not deprive a partner of a right under exemption laws with respect to the partner's interest in the partnership.
(e) This section provides the exclusive remedy by which a judgment creditor of a partner or partner’s transferee may satisfy a judgment out of the judgment debtor’s transferable interest in the partnership.
ARTICLE 6
PARTNER'S DISSOCIATION

Section 601. Events Causing Partner's Dissociation.
Section 602. Partner's Power to Dissociate; Wrongful Dissociation.
Section 603. Effect of Partner's Dissociation.

SECTION 601. EVENTS CAUSING PARTNER'S DISSOCIATION. A partner is dissociated from a partnership upon the occurrence of any of the following events:

(1) the partnership's having notice of the partner's express will to withdraw as a partner or on a later date specified by the partner;

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

(3) the partner's expulsion pursuant to the partnership agreement;

(4) the partner's expulsion by the unanimous vote of the other partners if:

   (i) it is unlawful to carry on the partnership business with that partner;

   (ii) there has been a transfer of all or substantially all of that partner's transferable interest in the partnership, other than a transfer for security purposes, or a court order charging the partner's interest, which has not been foreclosed;

   (iii) within 90 days after the partnership notifies a corporate partner that it will be expelled because it has filed a certificate of dissolution or the equivalent, its charter has
been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, there is no revocation of the certificate of dissolution or no reinstatement of its charter or its right to conduct business; or

(iv) a partnership that is a partner has been dissolved and its business is being wound up;

(5) on application by the partnership or another partner, the partner’s expulsion by judicial determination because:

(i) the partner engaged in wrongful conduct that adversely and materially affected the partnership business;

(ii) the partner willfully or persistently committed a material breach of the partnership agreement or of a duty owed to the partnership or the other partners under Section 404; or

(iii) the partner engaged in conduct relating to the partnership business which makes it not reasonably practicable to carry on the business in partnership with the partner;

(6) the partner’s:

(i) becoming a debtor in bankruptcy;

(ii) executing an assignment for the benefit of creditors;

(iii) seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidator of that partner or of all or substantially all of that partner’s property; or

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

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

(i) the partner's death;

(ii) the appointment of a guardian or general conservator for the partner; or

(iii) a judicial determination that the partner has otherwise become incapable of performing the partner's duties under the partnership agreement;

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

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

(10) termination of a partner who is not an individual, partnership, corporation, trust, or estate.
SECTION 602. PARTNER'S POWER TO DISSOCIATE; WRONGFUL DISSOCIATION.

(a) A partner has the power to dissociate at any time, rightfully or wrongfully, by express will pursuant to Section 601(1).

(b) A partner's dissociation is wrongful only if:

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

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

(i) the partner withdraws by express will, unless the withdrawal follows the dissociation of another partner and results in a right to dissolve the partnership under Section 801(2)(i);

(ii) the partner is expelled by judicial determination under Section 601(5); or

(iii) the partner is dissociated by becoming a debtor in bankruptcy; or

(iv) in the case of a partner who is not an individual, trust other than a business trust, or estate, the partner is expelled or otherwise dissociated because it willfully dissolved or terminated.

(c) A partner who wrongfully dissociates is liable to the partnership and to the other partners for damages caused by the dissociation. The liability is in addition to any other
liability obligation of the partner to the partnership or to the other partners.

SECTION 603. EFFECT OF PARTNER'S DISSOCIATION.

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

(b) Upon a partner’s dissociation:

(1) the partner’s right to participate in the management and conduct of the partnership business terminates, except as otherwise provided in Section 803;

(2) the partner’s duty of loyalty under Section 404(b)(3) terminates; and

(3) the partner’s duty of loyalty under Section 404(b)(1) and (2) and duty of care under Section 404(c) continue only with regard to matters arising or and events occurring before the partner’s dissociation, unless the partner participates in winding up the partnership’s business pursuant to Section 803.
ARTICLE 7

PARTNER’S DISSOCIATION WHEN BUSINESS NOT WOUNDED UP

Section 701. Purchase of Dissociated Partner’s Interest.
Section 702. Dissociated Partner’s Power to Bind Partnership.
Section 703. Dissociated Partner’s Liability to Other Persons.
Section 704. Statement of Dissociation.
Section 705. Continued Use of Partnership Name.

SECTION 701. PURCHASE OF DISSOCIATED PARTNER’S INTEREST.

(a) If a partner is dissociated from a partnership without resulting in a dissolution and winding up of the partnership business under Section 801, the partnership shall cause the dissociated partner’s interest in the partnership to be purchased for a buyout price determined pursuant to subsection (b).

(b) The buyout price of a dissociated partner’s interest is the amount that would have been distributable to the dissociating partner under Section 807(b) if, on the date of dissociation, the assets of the partnership were sold at a price equal to the greater of the liquidation value or the value based on a sale of the entire business as a going concern without the dissociated partner and the partnership were wound up as of that date. Interest must be paid from the date of dissociation to the date of payment.

(c) Damages for wrongful dissociation under Section 602(b), and all other amounts owing, whether or not presently due, from the dissociated partner to the partnership, must be offset against the buyout price. Interest must be paid from the date the amount owed becomes due to the date of payment.
(d) A partnership shall indemnify a dissociated partner whose interest is being purchased against all partnership liabilities, whether incurred before the dissociation, except liabilities then unknown to the partnership, and against all partnership liabilities incurred or after the dissociation, except liabilities incurred by an act of the dissociated partner under Section 702. For purposes of this subsection, a liability not known to a partner other than the dissociated partner is not known to the partnership.

(e) If no agreement for the purchase of a dissociated partner’s interest is reached within 120 days after a written demand for payment, the partnership shall pay, or cause to be paid, in cash to the dissociated partner the amount the partnership estimates to be the buyout price and accrued interest, reduced by any offsets and accrued interest under subsection (c).

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

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

(1) a statement of partnership assets and liabilities as of the date of dissociation;
(2) the latest available partnership balance sheet and income statement, if any;

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

(4) written notice that the payment is in full satisfaction of the obligation to purchase unless, within 120 days after the written notice, the dissociated partner commences an action to determine the buyout price, any offsets under subsection (c), or other terms of the obligation to purchase.

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

(i) A dissociated partner may maintain an action against the partnership, pursuant to Section 405(b)(2)(ii), to determine the buyout price of that partner's interest, any offsets under subsection (c), or other terms of the obligation to purchase. The action must be commenced within 120 days after the partnership has tendered payment or an offer to pay or within one year after written demand for payment if no payment or offer to pay is tendered. The court shall determine the buyout price of the dissociated partner's interest, any offset due under
subsection (c), and accrued interest, and enter judgment for any additional payment or refund. If deferred payment is authorized under subsection (h), the court shall also determine the security for payment and other terms of the obligation to purchase. The court may assess reasonable attorney’s fees and the fees and expenses of appraisers or other experts for a party to the action, in amounts the court finds equitable, against a party that the court finds acted arbitrarily, vexatiously, or not in good faith. The finding may be based on the partnership’s failure to tender payment or an offer to pay or to comply with subsection (g).

SECTION 702. DISSOCIATED PARTNER’S POWER TO BIND AND LIABILITY TO PARTNERSHIP.

(a) For two years after a partner dissociates without resulting in a dissolution and winding up of the partnership business, the partnership, including a surviving partnership under Article 9, is bound by an act of the dissociated partner which would have bound the partnership under Section 301 before dissociation only if at the time of entering into the transaction the other party:

(1) reasonably believed that the dissociated partner was then a partner;
(2) did not have notice of the partner’s dissociation; and
(3) is not deemed to have had knowledge under Section 303(e) or notice under Section 704(c).

(b) A dissociated partner is liable to the partnership for any damage caused to the partnership arising from an obligation incurred by the dissociated partner after dissociation for which the partnership is liable under subsection (a).

SECTION 703. DISSOCIATED PARTNER'S LIABILITY TO OTHER PERSONS.

(a) A partner's dissociation does not of itself discharge the partner's liability for a partnership obligation incurred before dissociation. A dissociated partner is not liable for a partnership obligation incurred after dissociation, except as otherwise provided in subsection (b).

(b) A partner who dissociates without resulting in a dissolution and winding up of the partnership business is liable as a partner to the other party in a transaction entered into by the partnership, or a surviving partnership under Article 9, within two years after the partner's dissociation, only if at the time of entering into the transaction the other party:

(1) reasonably believed that the dissociated partner was then a partner;

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

(3) is not deemed to have had knowledge under Section 303(e) or notice under Section 704(c).
(c) By agreement with the partnership creditor and the partners continuing the business, a dissociated partner may be released from liability for a partnership obligation.

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

SECTION 704. STATEMENT OF DISSOCIATION.

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

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

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

SECTION 705. CONTINUED USE OF PARTNERSHIP NAME. Continued use of a partnership name, or a dissociated partner's name as part thereof, by partners continuing the business does not of itself make the dissociated partner liable for an obligation of the partners or the partnership continuing the business.
ARTICLE 8

WINDING UP PARTNERSHIP BUSINESS

Section 801. Events Causing Dissolution and Winding Up of Partnership Business.
Section 802. Partnership Continues After Dissolution.
Section 803. Right to Wind Up Partnership Business.
Section 804. Partner’s Power to Bind Partnership After Dissolution.
Section 805. Statement of Dissolution.
Section 806. Partner’s Liability to Other Partners After Dissolution.
Section 807. Settlement of Accounts and Contributions Among Partners.

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

(1) in a partnership at will, the partnership’s having notice from a partner, other than a partner who is dissociated under Section 601(2) through (10), of that partner’s express will to withdraw as a partner, or on a later date specified by the partner;

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

   (i) within 90 days after a partner’s wrongful dissociation under Section 602(b) or a partner’s dissociation by death or otherwise under Section 601(6) through (10), the partnership’s having notice from another partner of that partner’s express will to withdraw as a partner of at least half of the remaining partners to wind up the partnership business.
for which purpose a partner’s rightful dissociation pursuant to
Section 602(b)(2)(i) constitutes the expression of that partner’s
will;

(ii) the express will of all of the partners to wind up
the partnership business; or

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

(3) an event agreed to in the partnership agreement
resulting in the winding up of the partnership business;

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

(5) on application by a partner, a judicial determination
that:

(i) the economic purpose of the partnership is likely to
be unreasonably frustrated;

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

(iii) it is not otherwise reasonably practicable to
carry on the partnership business in conformity with the
partnership agreement; or
(6) on application by a transferee of a partner’s transferable interest, a judicial determination that it is equitable to wind up the partnership business:

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

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

SECTION 802. PARTNERSHIP CONTINUES AFTER DISSOLUTION.

(a) Subject to subsection (b), a partnership continues after dissolution only for the purpose of winding up its business. The partnership is terminated when the winding up of its business is completed.

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

(1) the partnership resumes carrying on its business as if dissolution had never occurred, and any liability incurred by the partnership or a partner after the dissolution
and before the waiver is determined as if dissolution had never occurred, but and

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

SECTION 803. RIGHT TO WIND UP PARTNERSHIP BUSINESS.

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

(b) The legal representative of the last surviving partner may wind up a partnership’s business.

(c) A person winding up a partnership’s business may preserve the partnership business or property as a going concern for a reasonable time, prosecute and defend actions and proceedings, whether civil, criminal, or administrative, settle and close the partnership’s business, dispose of and transfer the partnership’s property, discharge the partnership’s liabilities, distribute the assets of the partnership pursuant to Section 807, settle disputes by mediation or arbitration, and perform other necessary acts.
SECTION 804. PARTNER'S POWER TO BIND PARTNERSHIP AFTER DISSOLUTION. Subject to Section 805, a partnership is bound by a partner's act after dissolution that:

1. is appropriate for winding up the partnership business; or
2. would have bound the partnership under Section 301 before dissolution, if the other party to the transaction did not have notice of the dissolution.

SECTION 805. STATEMENT OF DISSOLUTION.

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

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

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

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

3 SECTION 806. PARTNER’S LIABILITY TO OTHER PARTNERS AFTER
4 DISSOLUTION.

5 (a) Except as otherwise provided in subsection (b), after
6 dissolution a partner is liable to the other partners for the
7 partner’s share of any partnership liability incurred under
8 Section 804.

9 (b) A partner who, with knowledge of the dissolution,
10 incurs a partnership liability under Section 804(2) by an act
11 that is not appropriate for winding up the partnership business
12 is liable to the partnership for any damage caused to the
13 partnership arising from the liability.

14 SECTION 807. SETTLEMENT OF ACCOUNTS AND CONTRIBUTIONS AMONG
15 PARTNERS.

16 (a) In winding up a partnership’s business, the assets of
17 the partnership, including the contributions of the partners
18 required by this section, must be applied to discharge its
19 obligations to creditors, including, to the extent permitted by
20 law, partners who are creditors. Any surplus must be applied to
21 pay in cash the net amount distributable to partners in
22 accordance with their right to distributions under subsection
23 (b).
(b) Each partner is entitled to a settlement of all partnership accounts upon winding up the partnership business. In settling accounts among the partners, the profits and losses that result from the liquidation of the partnership assets must be credited and charged to the partners' accounts. The partnership shall make a distribution to a partner in an amount equal to any excess of the credits over the charges in the partner's account. A partner shall contribute to the partnership an amount equal to any excess of the charges over the credits in the partner's account.

(c) If a partner fails to contribute, all of the other partners shall contribute, in the proportions in which the partners share partnership losses, the additional amount necessary to satisfy the partnership obligations. A partner or partner's legal representative may recover from the other partners any contributions the partner makes to the extent the amount contributed exceeds that partner's share of the partnership obligations.

(d) After the settlement of accounts, each partner shall contribute, in the proportion in which the partner shares partnership losses, the amount necessary to satisfy partnership obligations that were not known at the time of the settlement.

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

(f) An assignee for the benefit of creditors of a partnership or a partner, or a person appointed by a court to represent creditors of a partnership or a partner, may enforce a partner's obligation to contribute to the partnership.
ARTICLE 9
CONVERSIONS AND MERGERS

Section 901. Definitions.

Section 902. Conversion of Partnership to Limited Partnership.

Section 903. Conversion of Limited Partnership to Partnership.

Section 904. Effect of Conversion; Entity Unchanged.

Section 905. Merger of Partnerships.

Section 906. Effect of Merger.

Section 907. Statement of Merger.

Section 908. Nonexclusive.

SECTION 901. DEFINITIONS. In this article:

(1) "General partner" means a partner in a general partnership created under this Act, predecessor law, or comparable law of another jurisdiction and a general partner in a limited partnership.

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

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

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

SECTION 902. CONVERSION OF PARTNERSHIP TO LIMITED PARTNERSHIP.

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

(b) The terms and conditions of a conversion of a partnership to a limited partnership must be approved by all of...
the partners or by a number or percentage specified for conversion in the partnership agreement.

(c) After the conversion is approved by the partners, the partnership shall file a certificate of limited partnership which satisfies the requirements of [Section _____ of the State Limited Partnership Act] and in the jurisdiction in which the limited partnership is to be formed. The certificate must include:

(1) a statement that the partnership was converted to a limited partnership from a partnership;

(2) its former name; and

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

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

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

SECTION 903. CONVERSION OF LIMITED PARTNERSHIP TO PARTNERSHIP.

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

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

(c) After the conversion is approved by the partners, the limited partnership shall cancel its certificate of limited partnership pursuant to [Section ______ of the State Limited Partnership Act].

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

(e) A limited partner who becomes a general partner as a result of the conversion remains liable only as a limited partner for an obligation incurred by the limited partnership before the conversion takes effect. The partner is liable as a general partner for an obligation of the partnership incurred after the conversion takes effect.
SECTION 904. EFFECT OF CONVERSION; ENTITY UNCHANGED.

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

(b) When a conversion takes effect:

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

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

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

SECTION 905. MERGER OF PARTNERSHIPS.

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

(b) The plan of merger must set forth:

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

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

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

(4) the terms and conditions of the merger;
(5) the manner and basis of converting the interests of each party to the merger into interests or obligations of the surviving entity, or into money or other property in whole or part; and

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

(c) The plan of merger must be approved:

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

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

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

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

(1) the approval of the plan of merger by all parties to the merger, as provided in subsection (c);

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

(3) any effective date specified in the plan of merger.
SECTION 906. EFFECT OF MERGER.

(a) When a merger takes effect:

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

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

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

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

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

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

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

(3) all obligations of the surviving entity incurred after the merger takes effect, but those obligations may be satisfied only out of property of the entity if the partner is a limited partner.

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

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

SECTION 907. STATEMENT OF MERGER.

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

(b) A statement of merger must contain:

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

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

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

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

(c) Except as otherwise provided in subsection (d), for the purposes of Section 302, property of the surviving partnership or limited partnership which before the merger was held in the name of another party to the merger is property held in the name of the surviving entity upon filing a statement of merger.
(d) For the purposes of Section 302, real property of the surviving partnership or limited partnership which before the merger was held in the name of another party to the merger is property held in the name of the surviving entity upon recording a certified copy of the statement of merger in the office for recording transfers of that real property.

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

SECTION 908. NONEXCLUSIVE. This article is not exclusive. Partnerships or limited partnerships may be converted or merged in any other manner provided by law.
ARTICLE 10
MISCELLANEOUS PROVISIONS

Section 1001. Uniformity of Application and Construction.
Section 1002. Short Title.
Section 1003. Severability.
Section 1004. Effective Date.
Section 1005. Repeals.
Section 1006. Application to Existing Relationships
Section 1007. Savings Clause.

SECTION 1001. UNIFORMITY OF APPLICATION AND CONSTRUCTION.
This [Act] shall be applied and construed to effectuate its
general purpose to make uniform the law with respect to the
subject of this [Act] among States enacting it.

SECTION 1002. SHORT TITLE. This [Act] may be cited as the

SECTION 1003. SEVERABILITY CLAUSE. If any provision of this
[Act] or its application to any person or circumstance is held
invalid, the invalidity does not affect other provisions or
applications of this [Act] which can be given effect without the
invalid provision or application, and to this end the provisions
of this [Act] are severable.

SECTION 1004. EFFECTIVE DATE. This [Act] takes effect . . .

...
SECTION 1005. REPEALS. The Effective January 1, 199_, the following acts and parts of acts are repealed: [the State Partnership Act as amended and in effect immediately before the adoption effective date of this Act].

SECTION 1006. APPLICATION TO EXISTING RELATIONSHIPS

APPLICABILITY.

(a) Except as provided in subsection (b), this [Act] applies to all partnerships in existence on its effective date that were formed under [the State Partnership Act] or any predecessor law providing for the formation, operation, and liquidation of partnerships before January 1, 199_, this [Act] governs only a partnership formed:

(1) after the effective date of this [Act], unless that partnership is continuing the business of a dissolved partnership under [Section 41 of the prior Uniform Partnership Act]: and

(2) before the effective date of this [Act], that elects, as provided by subsection (c), to be governed by this [Act].

(b) A judgment against a partnership or a partner in an action commenced before the effective date of this [Act] may be enforced in the same manner as a judgment rendered before the effective date of this [Act] After January 1, 199_, this [Act] governs all partnerships.

(c) Before January 1, 199_, a partnership voluntarily may elect, in the manner provided in its partnership agreement or by
law for amending the partnership agreement, to be governed by this [Act]. The provisions of this [Act] relating to the liability of the partnership's partners to third parties apply to limit those partners' liability to a third party who had done business with the partnership within one year preceding the partnership's election to be governed by this [Act], only if the third party knows or has received a notification of the partnership's election to be governed by this [Act].

SECTION 1007. SAVINGS CLAUSE. The repeal of any statutory provision by this [Act] does not impair or otherwise affect the organization or continued existence of a partnership existing on the effective date of this [Act] or any contract existing This [Act] does not affect an action or proceeding commenced or right accrued before the effective date of this [Act] takes effect.
TECHNICAL AMENDMENTS TO
UNIFORM PARTNERSHIP ACT (1993)

As Approved by the Executive Committee of the
National Conference of Commissioners
on Uniform State Laws

February 5, 1994

Contents (Redlined Text)

ARTICLE 1. GENERAL PROVISIONS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>101. Definitions</td>
<td>1</td>
</tr>
<tr>
<td>102. Knowledge and Notice</td>
<td>3</td>
</tr>
<tr>
<td>103. Effect of Partnership Agreement; Nonwaivable Provisions</td>
<td>5</td>
</tr>
<tr>
<td>104. Supplemental Principles of Law</td>
<td>6</td>
</tr>
<tr>
<td>105. Execution, Filing, and Recording of Statements</td>
<td>6</td>
</tr>
<tr>
<td>106. Law Governing Internal Relations</td>
<td>8</td>
</tr>
<tr>
<td>107. Partnership Subject to Amendment or Repeal of [Act]</td>
<td>8</td>
</tr>
</tbody>
</table>

ARTICLE 2. NATURE OF PARTNERSHIP

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>201. Partnership As Entity</td>
<td>9</td>
</tr>
<tr>
<td>202. Formation of Partnership</td>
<td>9</td>
</tr>
<tr>
<td>203. Partnership Property</td>
<td>11</td>
</tr>
<tr>
<td>204. When Property Is Partnership Property</td>
<td>11</td>
</tr>
</tbody>
</table>

ARTICLE 3. RELATIONS OF PARTNERS TO PERSONS DEALING WITH PARTNERSHIP

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>301. Partner Agent of Partnership</td>
<td>13</td>
</tr>
<tr>
<td>302. Transfer of Partnership Property</td>
<td>14</td>
</tr>
<tr>
<td>303. Statement of Partnership Authority</td>
<td>15</td>
</tr>
<tr>
<td>304. Statement of Denial</td>
<td>18</td>
</tr>
<tr>
<td>305. Partnership Liable for Partner’s Actionable Conduct</td>
<td>18</td>
</tr>
<tr>
<td>306. Partner’s Liability</td>
<td>19</td>
</tr>
<tr>
<td>307. Actions By and Against Partnership and Partners</td>
<td>19</td>
</tr>
<tr>
<td>308. Liability of Purposed Partner</td>
<td>20</td>
</tr>
</tbody>
</table>

ARTICLE 4. RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>401. Partner’s Rights and Duties</td>
<td>23</td>
</tr>
<tr>
<td>402. Distributions in Kind</td>
<td>25</td>
</tr>
<tr>
<td>403. Partner’s Rights and Duties with respect to Information</td>
<td>25</td>
</tr>
<tr>
<td>404. General Standards of Partner’s Conduct</td>
<td>26</td>
</tr>
<tr>
<td>405. Actions by Partnership and Partners</td>
<td>28</td>
</tr>
<tr>
<td>406. Continuation of Partnership Beyond Definite Term of Particular Undertaking</td>
<td>29</td>
</tr>
</tbody>
</table>
ARTICLE 5. TRANSFEREES AND CREDITORS OF PARTNER

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>501. Partner Not Co-Owner of Partnership Property</td>
<td>30</td>
</tr>
<tr>
<td>502. Partner's Transferable Interest in Partnership</td>
<td>30</td>
</tr>
<tr>
<td>503. Transfer of Partner's Transferable Interest</td>
<td>30</td>
</tr>
<tr>
<td>504. Partner's Transferable Interest Subject to Charging Order</td>
<td>32</td>
</tr>
</tbody>
</table>

ARTICLE 6. PARTNER'S DISSOCIATION

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>601. Events Causing Partner's Dissociation</td>
<td>34</td>
</tr>
<tr>
<td>602. Partner's Power to Dissociate; Wrongful Dissociation</td>
<td>37</td>
</tr>
<tr>
<td>603. Effect of Partner's Dissociation</td>
<td>38</td>
</tr>
</tbody>
</table>

ARTICLE 7. PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>701. Purchase of Dissociated Partner's Interest</td>
<td>39</td>
</tr>
<tr>
<td>702. Dissociated Partner's Power to Bind Partnership</td>
<td>42</td>
</tr>
<tr>
<td>703. Dissociated Partner's Liability to Other Persons</td>
<td>43</td>
</tr>
<tr>
<td>704. Statement of Dissociation</td>
<td>44</td>
</tr>
<tr>
<td>705. Continued Use of Partnership Name</td>
<td>44</td>
</tr>
</tbody>
</table>

ARTICLE 8. WINDING UP PARTNERSHIP BUSINESS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>801. Events Causing Dissolution and Winding Up of Partnership Business</td>
<td>45</td>
</tr>
<tr>
<td>802. Partnership Continues After Dissolution</td>
<td>47</td>
</tr>
<tr>
<td>803. Right to Wind Up Partnership Business</td>
<td>48</td>
</tr>
<tr>
<td>804. Partner's Power to Bind Partnership After Dissolution</td>
<td>49</td>
</tr>
<tr>
<td>805. Statement of Dissolution</td>
<td>49</td>
</tr>
<tr>
<td>806. Partner's Liability to Other Partners After Dissolution</td>
<td>50</td>
</tr>
<tr>
<td>807. Settlement of Accounts and Contributions Among Partners</td>
<td>50</td>
</tr>
</tbody>
</table>

ARTICLE 9. CONVERSIONS AND MERGERS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>901. Definitions</td>
<td>52</td>
</tr>
<tr>
<td>902. Conversion of Partnership to Limited Partnership</td>
<td>52</td>
</tr>
<tr>
<td>903. Conversion of Limited Partnership to Partnership</td>
<td>54</td>
</tr>
<tr>
<td>904. Effect of Conversion; Entity Unchanged</td>
<td>55</td>
</tr>
<tr>
<td>905. Merger of Partnerships</td>
<td>55</td>
</tr>
<tr>
<td>906. Effect of Merger</td>
<td>57</td>
</tr>
<tr>
<td>907. Statement of Merger</td>
<td>59</td>
</tr>
<tr>
<td>908. Nonexclusive</td>
<td>60</td>
</tr>
</tbody>
</table>

ARTICLE 10. MISCELLANEOUS PROVISIONS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1001. Uniformity of Application and Construction</td>
<td>61</td>
</tr>
<tr>
<td>1002. Short Title</td>
<td>61</td>
</tr>
<tr>
<td>1003. Severability</td>
<td>61</td>
</tr>
<tr>
<td>1004. Effective Date</td>
<td>61</td>
</tr>
<tr>
<td>1005. Repeals</td>
<td>62</td>
</tr>
<tr>
<td>1006. Applicability</td>
<td>62</td>
</tr>
<tr>
<td>1007. Savings Clause</td>
<td>63</td>
</tr>
</tbody>
</table>
SECTION 101. DEFINITIONS. In this [Act]:

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

(2) "Debtor in bankruptcy" means a person who is the subject of:

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

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

(3) "Distribution" means a transfer of money or other property from a partnership to a partner in the partner’s capacity as a partner or to the partner’s transferee.
(4) "Partnership" means an association of two or more persons to carry on as co-owners a business for profit created under Section 202, predecessor law, or comparable law of another jurisdiction.

(5) "Partnership agreement" means an agreement, whether written, oral, or implied, among the partners concerning the partnership, including amendments to the partnership agreement.

(6) "Partnership at will" means a partnership in which the partners have not agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking.

(7) "Partnership interest" or "partner’s interest in the partnership" means all of a partner’s interests in the partnership, including the partner’s transferable interest and all management and other rights.

(8) "Person" means an individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(9) "Property" means all property, real, personal, or mixed, tangible or intangible, or any interest therein.

(10) "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or insular possession subject to the jurisdiction of the United States.
(11) "Statement" means a statement of partnership authority under Section 303, a statement of denial under Section 304, a statement of dissociation under Section 704, a statement of dissolution under Section 805, a statement of merger under Section 907, or an amendment or cancellation of any of the foregoing.

(12) "Transfer" includes an assignment, conveyance, lease, mortgage, deed, and encumbrance.

SECTION 102. KNOWLEDGE AND NOTICE.

(a) A person knows a fact if the person has actual knowledge of it.

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

(1) knows of it;

(2) has received a notification of it; or

(3) has reason to know it exists from all of the facts known to the person at the time in question.

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

(d) A person receives a notification when it the notification:

(1) comes to the person's attention; or

(2) is duly delivered at the person's place of business or at any other place held out by the person as a place for receiving communications.
(e) Except as otherwise provided in subsection (f), a person other than an individual knows, has notice, or receives a notification of a fact for purposes of a particular transaction when the individual conducting the transaction knows, has notice, or receives a notification of the fact, or in any event when the fact would have been brought to the individual's attention if the person had exercised reasonable diligence. The person exercises reasonable diligence if it maintains reasonable routines for communicating significant information to the individual conducting the transaction and there is reasonable compliance with the routines. Reasonable diligence does not require an individual acting for the person to communicate information unless the communication is part of the individual's regular duties or the individual has reason to know of the transaction and that the transaction would be materially affected by the information.

(f) A partner's knowledge, notice, or receipt of a notification of a fact relating to the partnership is effective immediately as knowledge by, notice to, or receipt of a notification by the partnership, but is not effective as such if the partner committed or consented to except in the case of a fraud on the partnership committed by or with the consent of that partner.
SECTION 103. EFFECT OF PARTNERSHIP AGREEMENT; NONWAIVABLE PROVISIONS.

(a) Except as otherwise provided in subsection (b), a partnership agreement governs relations among the partners and between the partners and the partnership are governed by the partnership agreement. To the extent the partnership agreement does not otherwise provide, this [Act] governs relations among the partners and between the partners and the partnership.

(b) The partnership agreement may not:

(1) vary the rights and duties under Section 105 except to eliminate the duty to provide copies of statements to all of the partners;

(2) unreasonably restrict the right of access to books and records under Section 403(b);

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

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

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

(4) unreasonably reduce the duty of care under Section 404(c) or 603(b)(3);
(5) eliminate the obligation of good faith and fair dealing under Section 404(d), but the partners by partnership agreement may determine prescribe the standards by which the performance of the obligation is to be measured, if the standards are not manifestly unreasonable;

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

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

(8) vary the requirement to wind up the partnership business in cases specified in Section 801(4), (5), or (6); or

(9) restrict rights of third parties under this [Act].

SECTION 104. SUPPLEMENTAL PRINCIPLES OF LAW.

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

(b) If an obligation to pay interest arises under this [Act] and the rate is not specified, the rate is that specified in [applicable statute].

SECTION 105. EXECUTION, FILING, AND RECORDING OF STATEMENTS.

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

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

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

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

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

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

SECTION 106. LAW GOVERNING INTERNAL AFFAIRS RELATIONS. The law of the State jurisdiction in which a partnership has its chief executive office governs the partnership's internal affairs relations among the partners and between the partners and the partnership.

SECTION 107. PARTNERSHIP SUBJECT TO AMENDMENT OR REPEAL OF [ACT]. A partnership governed by this [Act] is subject to any amendment to or repeal of this [Act].
ARTICLE 2

NATURE OF PARTNERSHIP

Section 201. Partnership As Entity.
Section 202. Creation Formation of Partnership.
Section 203. Partnership Property.
Section 204. When Property Is Partnership Property.

SECTION 201. PARTNERSHIP AS ENTITY. A partnership is an entity distinct from its partners.

SECTION 202. CREATION FORMATION OF PARTNERSHIP.

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

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

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

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

(2) The sharing of gross returns does not by itself establish a partnership, even if the persons sharing them have a joint or common right or interest in property from which the returns are derived.
(3) A person who receives a share of the profits of a business is presumed to be a partner in the business, unless the profits were received in payment:

(i) of a debt by installments or otherwise;
(ii) for services as an independent contractor or of wages or other compensation to an employee;
(iii) of rent;
(iv) of an annuity or other retirement or health benefit to a beneficiary, representative, or designee of a deceased or retired partner;
(v) of interest or other charge on a loan, even if the amount of payment varies with the profits of the business, including a direct or indirect present or future ownership of the collateral, or rights to income, proceeds, or increase in value derived from the collateral; or
(vi) for the sale of the goodwill of a business or other property by installments or otherwise.

(d) Except as provided by Section 308, persons who are not partners as to each other are not liable as partners as to other persons. [Moved to 308(e)]

(e) A partnership created under this [Act] is a general partnership, and the partners are general partners of the partnership.
SECTION 203. PARTNERSHIP PROPERTY. Property transferred to or otherwise acquired by a partnership is property of the partnership and not of the partners individually.

SECTION 204. WHEN PROPERTY IS PARTNERSHIP PROPERTY.

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

(1) the partnership; or

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

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

(1) the partnership in its name; or

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

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

(d) Property acquired in the name of one or more of the partners, without an indication in the instrument transferring
title to the property of the person's capacity as a partner or of
the existence of a partnership and without use of partnership
assets, is presumed to be separate property, even if used for
partnership purposes.
ARTICLE 3

RELATIONS OF PARTNERS TO
PERSONS DEALING WITH PARTNERSHIP

Section 301. Partner Agent of Partnership.
Section 302. Transfer of Partnership Property.
Section 303. Statement of Partnership Authority.
Section 304. Statement of Denial.
Section 305. Partnership Liable for Partner's Actionable Conduct.
Section 306. Partner's Liability.
Section 307. Actions By and Against Partnership and Partners.
Section 308. Liability of Purported Partner.
Section 309. Liability of Incoming Partner.

SECTION 301. PARTNER AGENT OF PARTNERSHIP. Subject to the effect of a statement of partnership authority under Section 303:

(1) Each partner is an agent of the partnership for the purpose of its business. An act of a partner, including the execution of an instrument in the partnership name, for apparently carrying on in the usual way ordinary course the partnership business or business of the kind carried on by the partnership binds the partnership, unless the partner had no authority to act for the partnership in the particular matter and the person with whom the partner was dealing knew or had received a notification that the partner lacked authority.

(2) An act of a partner which is not apparently for carrying on in the usual way ordinary course the partnership business or business of the kind carried on by the partnership binds the partnership only if the act was authorized by the other partners.
SECTION 302. TRANSFER OF PARTNERSHIP PROPERTY.

(a) Partnership property may be transferred as follows:

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

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

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

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

(1) as to a subsequent transferee who gave value for property transferred under subsection (a)(1) or (2), proves that the subsequent transferee knew or had received a notification
that the person who executed the instrument of initial transfer lacked authority to bind the partnership; or

(2) as to a transferee who gave value for property transferred under subsection (a)(3), proves that the transferee knew or had received a notification that the property was partnership property and that the person who executed the instrument of initial transfer lacked authority to bind the partnership.

(c) A partnership may not recover partnership property from a subsequent transferee if the partnership would not have been entitled to recover the property, under subsection (b), from any earlier transferee of the property.

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

SECTION 303. STATEMENT OF PARTNERSHIP AUTHORITY.

(a) A partnership may file a statement of partnership authority, which:

(1) must include:

(i) the name of the partnership;

(ii) the street address of its chief executive office and of one office in this State, if there is one;
(iii) the names and mailing addresses of all of the
partners or of an agent appointed and maintained by the
partnership for the purpose of subsection (b); and
(iv) the names of the partners authorized to execute
an instrument transferring real property held in the name of the
partnership; and
(2) may state the authority, or limitations on the
authority, of some or all of the partners to enter into other
transactions on behalf of the partnership and any other matter.
(b) If a statement of partnership authority names an
agent, the agent shall maintain a list of the names and mailing
addresses of all of the partners and make it available to any
person on request for good cause shown.
(c) If a filed statement of partnership authority is
executed pursuant to Section 105(c) and states the name of the
partnership but does not contain all of the other information
required by subsection (a), the statement nevertheless operates
with respect to a person not a partner as provided in subsections
(d) and (e).
(d) Except as otherwise provided in subsection (g), a
filed statement of partnership authority supplements the
authority of a partner to enter into transactions on behalf of
the partnership as follows:
(1) Except for transfers of real property, a grant of
authority contained in a filed statement of partnership authority
is conclusive in favor of a person who gives value without
knowledge to the contrary, so long as and to the extent that a
limitation on that authority is not then contained in another
filed statement. A filed cancellation of a limitation on
authority revives the previous grant of authority.

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

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

(f) Except as otherwise provided in subsections (d) and
(e) and Sections 704 and 805, a person not a partner is not
deemed to know of a limitation on the authority of a partner
merely because the limitation is contained in a filed statement.
(g) Unless earlier canceled, a filed statement of partnership authority is canceled by operation of law five years after the date on which the statement, or the most recent amendment, was filed with the [Secretary of State].

SECTION 304. STATEMENT OF DENIAL. A partner or other person named as a partner in a filed statement of partnership authority or in a list maintained by an agent pursuant to Section 303(b) may file a statement of denial stating the name of the partnership and the fact that it is being denied, which may include denial of a person's authority or status as a partner. A statement of denial is a limitation on authority to the extent as provided in Section 303(d) and (e).

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

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

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

SECTION 306. PARTNER'S LIABILITY.

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

(b) A person admitted as a partner into an existing
partnership is not personally liable for any partnership
obligation incurred before the person's admission as a partner.

SECTION 307. ACTIONS BY AND AGAINST PARTNERSHIP AND PARTNERS.

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

(b) An action may be brought against the partnership and
any or all of the partners in the same action or in separate
actions.

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

(d) A judgment creditor of a partner may not levy
execution against the assets of the partner to satisfy a judgment
based on a claim against the partnership unless:
(1) a judgment based on the same claim has been obtained against the partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;
(2) the partnership is a debtor in bankruptcy;
(3) the partner has agreed that the creditor need not exhaust partnership assets;
(4) a court grants permission to the judgment creditor to levy execution against the assets of a partner based on a finding that partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of partnership assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or
(5) liability is imposed on the partner by law or contract independent of the existence of the partnership.

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

SECTION 308. LIABILITY OF PURPORTED PARTNER.
(a) If a person, by words or conduct, purports to be a partner, or consents to being represented by another as a partner, in a partnership or with one or more persons not partners, the purported partner is liable to a person to whom the representation is made, if that person, relying on the representation, enters into a transaction with the actual or
purported partnership. If the representation, either by the
purported partner or by a person with the purported partner’s
consent, is made in a public manner, the purported partner is
liable to a person who relies upon the purported partnership even
if the purported partner is not aware of being held out as a
partner to the claimant. If partnership liability results, the
purported partner is liable with respect to that liability as if
the purported partner were a partner. If no partnership
liability results, the purported partner is liable with respect
to that liability jointly and severally with any other person
consenting to the representation.

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

(c) A person is not liable as a partner in a partnership
merely because the person is named by another in a statement of
partnership authority.
(d) A person does not continue to be a partner merely because of a failure to file a statement of dissociation or to amend a statement of partnership authority to indicate the partner's dissociation from the partnership.

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

SECTION 309. LIABILITY OF INCOMING PARTNER. A person admitted as a partner into a partnership is liable for all obligations of the partnership incurred before the person's admission as if the person were a partner when the obligations were incurred, but the liability may be satisfied only out of partnership property. [Moved to 306(b)]
ARTICLE 4

RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

Section 401. Partner's Rights and Duties.
Section 402. Distributions in Kind.
Section 403. Partner's Rights and Duties with respect to Information.
Section 404. General Standards of Partner's Conduct.
Section 405. Actions by Partnership and Partners.
Section 406. Continuation of Partnership Beyond Definite Term or Particular Undertaking.

SECTION 401. PARTNER'S RIGHTS AND DUTIES.

(a) Each partner is deemed to have an account that is:
   (1) credited with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, the partner contributes to the partnership and the partner's share of the partnership profits; and
   (2) charged with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, distributed by the partnership to the partner and the partner's share of the partnership losses.

(b) A partnership shall credit each partner's account with an equal share of the partnership profits. A partnership and shall charge each partner's account with a share of the partnership losses, whether capital or operating, in proportion to the partner's share of the profits.

(c) A partnership shall indemnify each partner for payments reasonably made and indemnify a partner for liabilities reasonably incurred by the partner in the ordinary
and proper conduct of the business of the partnership or for the preservation of its business or property.

(d) A partnership shall repay a partner who, in aid of the partnership, makes a payment or for an advance to the partnership beyond the amount of capital the partner agreed to contribute.

(e) A payment or advance made by a partner which gives rise to a partnership obligation under subsection (c) or (d) constitutes a loan to the partnership. Interest accrues from the date of the payment or advance.

(f) Each partner has equal rights in the management and conduct of the partnership business.

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

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

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

(j) A difference arising as to a matter in the ordinary course of business of a partnership may be decided by a majority of the partners. An act outside the ordinary course of business of a partnership and an amendment to the partnership agreement may be undertaken only with the consent of all of the partners.
(k) This section does not affect the obligations of a partnership to other persons under Section 301.

SECTION 402. DISTRIBUTIONS IN KIND. A partner has no right to receive, and may not be required to accept, a distribution in kind.

SECTION 403. PARTNER’S RIGHTS AND DUTIES WITH RESPECT TO INFORMATION.

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

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

(c) Each partner and the partnership, on demand, shall furnish to a partner, and to the legal representative of a deceased partner or partner under legal disability, to the extent just and reasonable, complete and accurate information concerning the partnership.
(a) The only fiduciary duties a partner owes to the partnership and the other partners are the duty of loyalty and the duty of care set forth in subsections (b) and (c).

(b) A partner's duty of loyalty to the partnership and the other partners is limited to the following:

(1) to account to the partnership and hold as trustee for it any property, profit, or benefit derived by the partner in the conduct and winding up of the partnership business or derived from a use by the partner of partnership property, including the appropriation of a partnership opportunity, without the consent of the other partners;

(2) to refrain from dealing with the partnership in the conduct or winding up of the partnership business as or on behalf of a party having an interest adverse to the partnership without the consent of the other partners; and

SECTION 404. GENERAL STANDARDS OF PARTNER'S CONDUCT.

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

(b) A partner's duty of loyalty to the partnership and the other partners is limited to the following:

(1) to account to the partnership and hold as trustee for it any property, profit, or benefit derived by the partner in the conduct and winding up of the partnership business or derived from a use by the partner of partnership property, including the appropriation of a partnership opportunity, without the consent of the other partners;

(2) to refrain from dealing with the partnership in the conduct or winding up of the partnership business as or on behalf of a party having an interest adverse to the partnership without the consent of the other partners; and
(3) to refrain from competing with the partnership in the conduct of the partnership business before the dissolution of the partnership without the consent of the other partners.

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

(d) A partner shall discharge the duties to the partnership and the other partners under this [Act] or under the partnership agreement and exercise any rights consistently with the obligation of good faith and fair dealing.

(e) A partner does not violate a duty or obligation under this [Act] or under the partnership agreement merely because the partner's conduct furthers the partner's own interest.

(f) A partner may lend money to and transact other business with the partnership—the rights and obligations of a partner who lends money to or transacts business with the partnership are the same as those of a person who is not a partner, subject to other applicable law.

(g) This section applies to a person winding up the partnership business as the personal or legal representative of the last surviving partner as if the person were a partner.
SECTION 405. ACTIONS BY PARTNERSHIP AND PARTNERS.

(a) A partnership may maintain an action against a partner for a breach of the partnership agreement, or for the violation of a duty to the partnership, causing harm to the partnership.

(b) A partner may maintain an action against the partnership or another partner for legal or equitable relief, including with or without an accounting as to partnership business, to:

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

(2) enforce a the partner's rights under this [Act], including:

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

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

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

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

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

SECTION 406. CONTINUATION OF PARTNERSHIP BEYOND DEFINITE TERM OR PARTICULAR UNDERTAKING.

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

(b) If the partners, or those of them who habitually acted in the business during the term or undertaking, continue the business without any settlement or liquidation of the partnership, they are presumed to have agreed that the partnership will continue.
ARTICLE 5

TRANSFEEREES AND CREDITORS OF PARTNER

Section 501. Partner Not Co-Owner of Partnership Property.
Section 502. Partner’s Transferable Interest in Partnership.
Section 503. Transfer of Partner’s Transferable Interest.
Section 504. Partner’s Transferable Interest Subject to Charging Order.

SECTION 501. PARTNER NOT CO-OWNER OF PARTNERSHIP PROPERTY. A partner is not a co-owner of partnership property and has no interest in partnership property which can be transferred, either voluntarily or involuntarily.

SECTION 502. PARTNER’S TRANSFERABLE INTEREST IN PARTNERSHIP. The only transferable interest of a partner in the partnership is the partner’s interest in share of the profits and losses of the partnership and the partner’s right to receive distributions. The interest is personal property.

SECTION 503. TRANSFER OF PARTNER’S TRANSFERABLE INTEREST.
(a) A transfer, in whole or in part, of a partner’s transferable interest in the partnership:
(1) is permissible;
(2) does not by itself cause the partner’s dissociation or a dissolution and winding up of the partnership business; and
(3) does not, as against the other partners or the partnership, entitle the transferee, during the continuance of the partnership, to participate in the management or conduct of
the partnership business, to require access to information
concerning or an account of partnership transactions, or to
inspect or copy the partnership books or records.

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

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

(2) to receive upon the dissolution and winding up of
the partnership business, in accordance with the transfer, the
net amount otherwise distributable to the transferor; and

(3) to seek under Section 801(6) a judicial
determination that it is equitable to wind up the partnership
business.

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

(d) Upon transfer, the transferor retains the rights and
duties of a partner other than the interest in distributions
transferred.

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

(f) A transfer of a partner's transferable interest in the
partnership in violation of a restriction on transfer contained
in the partnership agreement is ineffective as to a person having
notice of the restriction at the time of transfer.
SECTION 504. PARTNER'S TRANSFERABLE INTEREST SUBJECT TO CHARGING ORDER.

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

(b) A charging order constitutes a lien on the judgment debtor's transferable interest in the partnership. The court may order a foreclosure of the interest subject to the charging order at any time and upon conditions it considers appropriate. The purchaser at the foreclosure sale has the rights of a transferee.

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

(1) by the judgment debtor;

(2) with property other than partnership property, by one or more of the other partners; or

(3) with partnership property, by one or more of the other partners with the consent of all of the partners whose interests are not so charged.

(d) This [Act] does not deprive a partner of a right under exemption laws with respect to the partner's interest in the partnership.
(e) This section provides the exclusive remedy by which a judgment creditor of a partner or partner's transferee may satisfy a judgment out of the judgment debtor's transferable interest in the partnership.
ARTICLE 6
PARTNER'S DISSOCIAION

SECTION 601. EVENTS CAUSING PARTNER'S DISSOCIAION. A partner is dissociated from a partnership upon the occurrence of any of the following events:

(1) the partnership's having notice of the partner's express will to withdraw as a partner or on a later date specified by the partner;

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

(3) the partner's expulsion pursuant to the partnership agreement;

(4) the partner's expulsion by the unanimous vote of the other partners if:

(i) it is unlawful to carry on the partnership business with that partner;

(ii) there has been a transfer of all or substantially all of that partner's transferable interest in the partnership, other than a transfer for security purposes, or a court order charging the partner's interest, which has not been foreclosed;

(iii) within 90 days after the partnership notifies a corporate partner that it will be expelled because it has filed a certificate of dissolution or the equivalent, its charter has
been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, there is no revocation of the certificate of dissolution or no reinstatement of its charter or its right to conduct business; or

(iv) a partnership that is a partner has been dissolved and its business is being wound up;

(5) on application by the partnership or another partner, the partner’s expulsion by judicial determination because:

(i) the partner engaged in wrongful conduct that adversely and materially affected the partnership business;

(ii) the partner willfully or persistently committed a material breach of the partnership agreement or of a duty owed to the partnership or the other partners under Section 404; or

(iii) the partner engaged in conduct relating to the partnership business which makes it not reasonably practicable to carry on the business in partnership with the partner;

(6) the partner’s:

(i) becoming a debtor in bankruptcy;

(ii) executing an assignment for the benefit of creditors;

(iii) seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidator of that partner or of all or substantially all of that partner’s property; or

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

(7) in the case of a partner who is an individual:
   (i) the partner's death;
   (ii) the appointment of a guardian or general conservator for the partner; or
   (iii) a judicial determination that the partner has otherwise become incapable of performing the partner's duties under the partnership agreement;

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

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

(10) termination of a partner who is not an individual, partnership, corporation, trust, or estate.
SECTION 602. PARTNER’S POWER TO DISSOCIATE; WRONGFUL DISSOCIATION.

(a) A partner has the power to dissociate at any time, rightfully or wrongfully, by express will pursuant to Section 601(1).

(b) A partner’s dissociation is wrongful only if:

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

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

(i) the partner withdraws by express will, unless the withdrawal follows the dissociation of another partner and results in a right to dissolve the partnership under Section 601(2)(i);

(ii) the partner is expelled by judicial determination under Section 601(5); or

(iii) the partner is dissociated by becoming a debtor in bankruptcy; or

(iv) in the case of a partner who is not an individual, trust other than a business trust, or estate, the partner is expelled or otherwise dissociated because it willfully dissolved or terminated.

(c) A partner who wrongfully dissociates is liable to the partnership and to the other partners for damages caused by the dissociation. The liability is in addition to any other
liability obligation of the partner to the partnership or to the other partners.

SECTION 603. EFFECT OF PARTNER’S DISSOCIATION.

(a) If a partner’s dissociation results in a dissolution and winding up of the partnership business, Article 8 applies; otherwise, Article 7 applies.

(b) Upon a partner’s dissociation:

(1) the partner’s right to participate in the management and conduct of the partnership business terminates, except as otherwise provided in Section 803;

(2) the partner’s duty of loyalty under Section 404(b)(3) terminates; and

(3) the partner’s duty of loyalty under Section 404(b)(1) and (2) and duty of care under Section 404(c) continue only with regard to matters arising and events occurring before the partner’s dissociation, unless the partner participates in winding up the partnership’s business pursuant to Section 803.
ARTICLE 7

PARTNER’S DISSOCIATION WHEN BUSINESS NOT WOUND UP

Section 701. Purchase of Dissociated Partner’s Interest.
Section 702. Dissociated Partner’s Power to Bind Partnership.
Section 703. Dissociated Partner’s Liability to Other Persons.
Section 704. Statement of Dissociation.
Section 705. Continued Use of Partnership Name.

SECTION 701. PURCHASE OF DISSOCIATED PARTNER’S INTEREST.

(a) If a partner is dissociated from a partnership without resulting in a dissolution and winding up of the partnership business under Section 801, the partnership shall cause the dissociated partner’s interest in the partnership to be purchased for a buyout price determined pursuant to subsection (b).

(b) The buyout price of a dissociated partner’s interest is the amount that would have been distributable to the dissociating partner under Section 807(b) if, on the date of dissociation, the assets of the partnership were sold at a price equal to the greater of the liquidation value or the value based on a sale of the entire business as a going concern without the dissociated partner and the partnership were wound up as of that date. Interest must be paid from the date of dissociation to the date of payment.

(c) Damages for wrongful dissociation under Section 602(b), and all other amounts owing, whether or not presently due, from the dissociated partner to the partnership, must be offset against the buyout price. Interest must be paid from the date the amount owed becomes due to the date of payment.
(d) A partnership shall indemnify a dissociated partner whose interest is being purchased against all partnership liabilities, whether incurred before the dissociation, except liabilities then unknown to the partnership, and against all partnership liabilities incurred or after the dissociation, except liabilities incurred by an act of the dissociated partner under Section 702. For purposes of this subsection, a liability not known to a partner other than the dissociated partner is not known to the partnership.

(e) If no agreement for the purchase of a dissociated partner's interest is reached within 120 days after a written demand for payment, the partnership shall pay, or cause to be paid, in cash to the dissociated partner the amount the partnership estimates to be the buyout price and accrued interest, reduced by any offsets and accrued interest under subsection (c).

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

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

(1) a statement of partnership assets and liabilities as of the date of dissociation;
(2) the latest available partnership balance sheet and income statement, if any;

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

(4) written notice that the payment is in full satisfaction of the obligation to purchase unless, within 120 days after the written notice, the dissociated partner commences an action to determine the buyout price, any offsets under subsection (c), or other terms of the obligation to purchase.

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

(i) A dissociated partner may maintain an action against the partnership, pursuant to Section 405(b)(2)(ii), to determine the buyout price of that partner's interest, any offsets under subsection (c), or other terms of the obligation to purchase. The action must be commenced within 120 days after the partnership has tendered payment or an offer to pay or within one year after written demand for payment if no payment or offer to pay is tendered. The court shall determine the buyout price of the dissociated partner's interest, any offset due under
subsection (c), and accrued interest, and enter judgment for any additional payment or refund. If deferred payment is authorized under subsection (h), the court shall also determine the security for payment and other terms of the obligation to purchase. The court may assess reasonable attorney’s fees and the fees and expenses of appraisers or other experts for a party to the action, in amounts the court finds equitable, against a party that the court finds acted arbitrarily, vexatiously, or not in good faith. The finding may be based on the partnership’s failure to tender payment or an offer to pay or to comply with subsection (g).

SECTION 702. DISSOCIATED PARTNER’S POWER TO BIND AND LIABILITY TO PARTNERSHIP.

(a) For two years after a partner dissociates without resulting in a dissolution and winding up of the partnership business, the partnership, including a surviving partnership under Article 9, is bound by an act of the dissociated partner which would have bound the partnership under Section 301 before dissociation only if at the time of entering into the transaction the other party:

(1) reasonably believed that the dissociated partner was then a partner;

(2) did not have notice of the partner’s dissociation;

and
(3) is not deemed to have had knowledge under Section 303(e) or notice under Section 704(c).

(b) A dissociated partner is liable to the partnership for any damage caused to the partnership arising from an obligation incurred by the dissociated partner after dissociation for which the partnership is liable under subsection (a).

SECTION 703. DISSOCIATED PARTNER'S LIABILITY TO OTHER PERSONS.

(a) A partner's dissociation does not of itself discharge the partner's liability for a partnership obligation incurred before dissociation. A dissociated partner is not liable for a partnership obligation incurred after dissociation, except as otherwise provided in subsection (b).

(b) A partner who dissociates without resulting in a dissolution and winding up of the partnership business is liable as a partner to the other party in a transaction entered into by the partnership, or a surviving partnership under Article 9, within two years after the partner's dissociation, only if at the time of entering into the transaction the other party:

(1) reasonably believed that the dissociated partner was then a partner;

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

(3) is not deemed to have had knowledge under Section 303(e) or notice under Section 704(c).
(c) By agreement with the partnership creditor and the partners continuing the business, a dissociated partner may be released from liability for a partnership obligation.

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

SECTION 704. STATEMENT OF DISSOCIATION.

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

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

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

SECTION 705. CONTINUED USE OF PARTNERSHIP NAME. Continued use of a partnership name, or a dissociated partner's name as part thereof, by partners continuing the business does not of itself make the dissociated partner liable for an obligation of the partners or the partnership continuing the business.
ARTICLE 8

WINDING UP PARTNERSHIP BUSINESS

Section 801. Events Causing Dissolution and Winding Up of Partnership Business.

Section 802. Partnership Continues After Dissolution.

Section 803. Right to Wind Up Partnership Business.

Section 804. Partner's Power to Bind Partnership After Dissolution.

Section 805. Statement of Dissolution.

Section 806. Partner's Liability to Other Partners After Dissolution.

Section 807. Settlement of Accounts and Contributions Among Partners.

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

(1) in a partnership at will, the partnership's having notice from a partner, other than a partner who is dissociated under Section 601(2) through (10), of that partner's express will to withdraw as a partner, or on a later date specified by the partner;

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

(i) within 90 days after a partner's wrongful dissociation under Section 602(b) or a partner's dissociation by death or otherwise under Section 601(6) through (10), the partnership's having notice from another partner of that partner's express will to withdraw as a partner of at least half of the remaining partners to wind up the partnership business,
for which purpose a partner's rightful dissociation pursuant to
Section 602(b)(2)(i) constitutes the expression of that partner's
will;

(ii) the express will of all of the partners to wind up
the partnership business; or

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

(3) an event agreed to in the partnership agreement
resulting in the winding up of the partnership business;

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

(5) on application by a partner, a judicial determination
that:

(i) the economic purpose of the partnership is likely to
be unreasonably frustrated;

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

(iii) it is not otherwise reasonably practicable to
carry on the partnership business in conformity with the
partnership agreement; or
(6) on application by a transferee of a partner’s transferable interest, a judicial determination that it is equitable to wind up the partnership business:

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

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

SECTION 802. PARTNERSHIP CONTINUES AFTER DISSOLUTION.

   (a) Subject to subsection (b), a partnership continues after dissolution only for the purpose of winding up its business. The partnership is terminated when the winding up of its business is completed.

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

       (i) the partnership resumes carrying on its business as if dissolution had never occurred, and any liability incurred by the partnership or a partner after the dissolution
and before the waiver is determined as if dissolution had never occurred, but and

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

SECTION 803. RIGHT TO WIND UP PARTNERSHIP BUSINESS.

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

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

(c) A person winding up a partnership's business may preserve the partnership business or property as a going concern for a reasonable time, prosecute and defend actions and proceedings, whether civil, criminal, or administrative, settle and close the partnership's business, dispose of and transfer the partnership's property, discharge the partnership's liabilities, distribute the assets of the partnership pursuant to Section 807, settle disputes by mediation or arbitration, and perform other necessary acts.
SECTION 804. PARTNER'S POWER TO BIND PARTNERSHIP AFTER DISSOLUTION. Subject to Section 805, a partnership is bound by a partner's act after dissolution that:

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

or

(2) would have bound the partnership under Section 301 before dissolution, if the other party to the transaction did not have notice of the dissolution.

SECTION 805. STATEMENT OF DISSOLUTION.

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

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

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

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

SECTION 806. PARTNER’S LIABILITY TO OTHER PARTNERS AFTER DISSOLUTION.

(a) Except as otherwise provided in subsection (b), after dissolution a partner is liable to the other partners for the partner’s share of any partnership liability incurred under Section 804.

(b) A partner who, with knowledge of the dissolution, incurs a partnership liability under Section 804(2) by an act that is not appropriate for winding up the partnership business is liable to the partnership for any damage caused to the partnership arising from the liability.

SECTION 807. SETTLEMENT OF ACCOUNTS AND CONTRIBUTIONS AMONG PARTNERS.

(a) In winding up a partnership’s business, the assets of the partnership, including the contributions of the partners required by this section, must be applied to discharge its obligations to creditors, including, to the extent permitted by law, partners who are creditors. Any surplus must be applied to pay in cash the net amount distributable to partners in accordance with their right to distributions under subsection (b).
(b) Each partner is entitled to a settlement of all partnership accounts upon winding up the partnership business. In settling accounts among the partners, the profits and losses that result from the liquidation of the partnership assets must be credited and charged to the partners' accounts. The partnership shall make a distribution to a partner in an amount equal to any excess of the credits over the charges in the partner's account. A partner shall contribute to the partnership an amount equal to any excess of the charges over the credits in the partner's account.

(c) If a partner fails to contribute, all of the other partners shall contribute, in the proportions in which the partners share partnership losses, the additional amount necessary to satisfy the partnership obligations. A partner or partner's legal representative may recover from the other partners any contributions the partner makes to the extent the amount contributed exceeds that partner's share of the partnership obligations.

(d) After the settlement of accounts, each partner shall contribute, in the proportion in which the partner shares partnership losses, the amount necessary to satisfy partnership obligations that were not known at the time of the settlement.

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

(f) An assignee for the benefit of creditors of a partnership or a partner, or a person appointed by a court to represent creditors of a partnership or a partner, may enforce a partner's obligation to contribute to the partnership.
ARTICLE 9
CONVERSIONS AND MERGERS

Section 901. Definitions.
Section 902. Conversion of Partnership to Limited Partnership.
Section 903. Conversion of Limited Partnership to Partnership.
Section 904. Effect of Conversion; Entity Unchanged.
Section 905. Merger of Partnerships.
Section 906. Effect of Merger.
Section 907. Statement of Merger.
Section 908. Nonexclusive.

SECTION 901. DEFINITIONS. In this article:

(1) "General partner" means a partner in a general partnership created under this Act, predecessor law, or comparable law of another jurisdiction and a general partner in a limited partnership.

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

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

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

SECTION 902. CONVERSION OF PARTNERSHIP TO LIMITED PARTNERSHIP.

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

(b) The terms and conditions of a conversion of a partnership to a limited partnership must be approved by all of
the partners or by a number or percentage specified for
conversion in the partnership agreement.

(c) After the conversion is approved by the partners, the
partnership shall file a certificate of limited partnership which
satisfies the requirements of [Section _____ of the State Limited
Partnership Act] and in the jurisdiction in which the limited
partnership is to be formed. The certificate must include:

(1) a statement that the partnership was converted to a
limited partnership from a partnership;

(2) its former name; and

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

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

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

SECTION 903. CONVERSION OF LIMITED PARTNERSHIP TO PARTNERSHIP.

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

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

(c) After the conversion is approved by the partners, the limited partnership shall cancel its certificate of limited partnership pursuant to [Section____ of the State Limited Partnership Act].

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

(e) A limited partner who becomes a general partner as a result of the conversion remains liable only as a limited partner for an obligation incurred by the limited partnership before the conversion takes effect. The partner is liable as a general partner for an obligation of the partnership incurred after the conversion takes effect.
SECTION 904. EFFECT OF CONVERSION; ENTITY UNCHANGED.

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

(b) When a conversion takes effect:

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

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

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

SECTION 905. MERGER OF PARTNERSHIPS.

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

(b) The plan of merger must set forth:

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

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

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

(4) the terms and conditions of the merger;
(5) the manner and basis of converting the interests of each party to the merger into interests or obligations of the surviving entity, or into money or other property in whole or part; and

(6) the street address of the surviving entity’s chief executive office.

(c) The plan of merger must be approved:

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

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

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

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

(1) the approval of the plan of merger by all parties to the merger, as provided in subsection (c);

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

(3) any effective date specified in the plan of merger.
SECTION 906. EFFECT OF MERGER.

(a) When a merger takes effect:

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

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

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

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

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

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

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

(3) all obligations of the surviving entity incurred after the merger takes effect, but those obligations may be satisfied only out of property of the entity if the partner is a limited partner.

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

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

SECTION 907. STATEMENT OF MERGER.

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

(b) A statement of merger must contain:

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

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

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

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

(c) Except as otherwise provided in subsection (d), for the purposes of Section 302, property of the surviving partnership or limited partnership which before the merger was held in the name of another party to the merger is property held in the name of the surviving entity upon filing a statement of merger.
(d) For the purposes of Section 302, real property of the surviving partnership or limited partnership which before the merger was held in the name of another party to the merger is property held in the name of the surviving entity upon recording a certified copy of the statement of merger in the office for recording transfers of that real property.

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

SECTION 908. NONEXCLUSIVE. This article is not exclusive. Partnerships or limited partnerships may be converted or merged in any other manner provided by law.
ARTICLE 10

MISCELLANEOUS PROVISIONS

Section 1001. Uniformity of Application and Construction.
Section 1002. Short Title.
Section 1003. Severability.
Section 1004. Effective Date.
Section 1005. Repeals.
Section 1006. Application to Existing Relationships
   Applicability.
Section 1007. Savings Clause.

SECTION 1001. UNIFORMITY OF APPLICATION AND CONSTRUCTION.
This [Act] shall be applied and construed to effectuate its
genral purpose to make uniform the law with respect to the
subject of this [Act] among States enacting it.

SECTION 1002. SHORT TITLE. This [Act] may be cited as the
Uniform Partnership Act (1993) [1994].

SECTION 1003. SEVERABILITY CLAUSE. If any provision of this
[Act] or its application to any person or circumstance is held
invalid, the invalidity does not affect other provisions or
applications of this [Act] which can be given effect without the
invalid provision or application, and to this end the provisions
of this [Act] are severable.

SECTION 1004. EFFECTIVE DATE. This [Act] takes effect . . .

. . . . . . . . . .
SECTION 1005. REPEALS. The Effective January 1, 199_, the following acts and parts of acts are repealed: [the State Partnership Act as amended and in effect immediately before the adoption effective date of this Act].

SECTION 1006. APPLICATION TO EXISTING RELATIONSHIPS

APPLICABILITY.

(a) Except as provided in subsection (b), this [Act] applies to all partnerships in existence on its effective date that were formed under [the State Partnership Act] or any predecessor law providing for the formation, operation, and liquidation of partnerships Before January 1, 199_, this [Act] governs only a partnership formed:

(1) after the effective date of this [Act], unless that partnership is continuing the business of a dissolved partnership under [Section 41 of the prior Uniform Partnership Act]; and

(2) before the effective date of this [Act], that elects, as provided by subsection (c), to be governed by this [Act].

(b) A judgment against a partnership or a partner in an action commenced before the effective date of this [Act] may be enforced in the same manner as a judgment rendered before the effective date of this [Act] After January 1, 199_, this [Act] governs all partnerships.

(c) Before January 1, 199_, a partnership voluntarily may elect, in the manner provided in its partnership agreement or by
law for amending the partnership agreement, to be governed by this [Act]. The provisions of this [Act] relating to the liability of the partnership's partners to third parties apply to limit those partners' liability to a third party who had done business with the partnership within one year preceding the partnership's election to be governed by this [Act], only if the third party knows or has received a notification of the partnership's election to be governed by this [Act].

SECTION 1007. SAVINGS CLAUSE. The repeal of any statutory provision by this [Act] does not impair or otherwise affect the organization or continued existence of a partnership existing on the effective date of this [Act] or any contract existing This [Act] does not affect an action or proceeding commenced or right accrued before the effective date of this [Act] takes effect.