CHAPTER 323A

UNIFORM PARTNERSHIP ACT OF 1994

NOTE: This chapter was formerly codified as sections 323A.1-01 to 323A.12-03. See Minnesota Statutes 2002. The chapter was recodified in 2004 as sections 323A.0101 to 323A.1203. The recodification is arranged in the same sequence as the original codification.

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323A.0101 DEFINITIONS.

In this chapter:

(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) "Executed" means signed.

(5) "Filed" or "filed with the secretary of state" means that a document meeting the applicable requirements of this chapter, signed, and accompanied by a filing fee of $135, has been delivered to the secretary of state. The secretary of state shall endorse on the document the word "Filed" and the month, day, and year of filing; record the document in the Office of the Secretary of State; and return a document to the person who delivered it for filing.

(6) "Foreign limited liability partnership" means a partnership that:

(i) is formed under laws other than the laws of this state; and

(ii) has the status of a limited liability partnership under those laws.

(7) "Limited liability partnership" means a partnership that has filed a statement of qualification under section 323A.1001 and does not have a similar statement in effect in any other jurisdiction.

(8) "Partnership" means an association of two or more persons to carry on as co-owners a business for profit, including a limited liability partnership, formed under section 323A.0202, predecessor law, or comparable law of another jurisdiction.

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

(10) "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.

(11) "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.

(12) "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.

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

(14) "Record," "recorded," and "recording" mean that a certified copy of a statement meeting the applicable requirements of this chapter as filed with the secretary of state has been recorded in the office of the county recorder in the county in which the real property affected by the statement is located or, if the real property is registered under chapter 508 or 508A, memorialized on the certificate of title for that property.

(15) "Signed" means that:

(i) the signature of a person has been written on a document, as provided in section 645.44, subdivision 14; and

(ii) with respect to a document that may be filed with the secretary of state, the document has been signed by a person authorized to do so by this chapter, by the partnership agreement, or by a resolution approved as provided in the partnership agreement.

A signature on a document may be a facsimile affixed, engraved, printed, placed, stamped with indelible ink, transmitted by facsimile or electronically, or in any other manner reproduced on the document.

(16) "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.

(17) "Statement" means a statement of partnership authority under section 323A.0303, a statement of denial under section 323A.0304, a statement of dissociation under section 323A.0704, a statement of dissolution under section 323A.0805, a statement of merger under section 323A.0907, a statement of qualification under section 323A.1001, a statement of foreign qualification under section 323A.1102, or an amendment or cancellation of any of the foregoing.

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

History: *1997 c 174 art 1 s 1; 2004 c 199 art 13 s 114*

323A.0102 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 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, except in the case of a fraud on the partnership committed by or with the consent of that partner.

History: *1997 c 174 art 1 s 2*

323A.0103 EFFECT OF PARTNERSHIP AGREEMENT; NONWAIVABLE PROVISIONS.

(a) Except as otherwise 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 chapter 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 323A.0105 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 323A.0403(b);

(3) eliminate the duty of loyalty under section 323A.0404(b) or 323A.0603(b)(3), but:

(i) the 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 323A.0404(c) or 323A.0603(b)(3);

(5) eliminate the obligation of good faith and fair dealing under section 323A.0404(d), but the partnership agreement may prescribe the standards by which the performance of the obligation is to be measured, if the standards are not manifestly unreasonable;

(6) vary the power to dissociate as a partner under section 323A.0602(a), except to require the notice under section 323A.0601(1), to be in writing;

(7) vary the right of a court to expel a partner in the events specified in section 323A.0601(5);

(8) vary the requirement to wind up the partnership business in cases specified in section 323A.0801(4), (5), or (6);

(9) vary the law applicable to a limited liability partnership under section 323A.0106(b); or

(10) restrict rights of third parties under this chapter.

History: *1997 c 174 art 1 s 3*

323A.0104 SUPPLEMENTAL PRINCIPLES OF LAW.

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

(b) If an obligation to pay interest arises under this chapter and the rate is not specified, the rate is that specified in section 549.09.

History: *1997 c 174 art 1 s 4; 1998 c 262 s 3*

323A.0105 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 chapter 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 and has been recorded has the effect provided for recorded statements in this chapter. A recorded statement that is not a certified copy of a statement filed in the office of the secretary of state does not provide knowledge or notice and does not have the effect provided for recorded statements in this chapter.

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

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

(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) A statement will be filed as a supplement to any limited liability partnership registration on file, or if no registration has been filed, as a supplement to any assumed name filing for the partnership pursuant to sections 333.001 to 333.06. If there is neither a limited liability partnership registration nor an assumed name on file, the person filing the statement must also file one of the following:

(i) a limited liability partnership statement of qualification on behalf of the partnership; or

(ii) an assumed name filing on behalf of the partners pursuant to sections 333.001 to 333.06.

History: *1997 c 174 art 1 s 5*

323A.0106 GOVERNING LAW.

(a) Except as otherwise provided in subsection (b), the law of the jurisdiction in which a partnership has its chief executive office governs relations among the partners and between the partners and the partnership.

(b) The law of this state governs relations among the partners and between the partners and the partnership and the liability of partners for an obligation of a limited liability partnership.

History: *1997 c 174 art 1 s 6*

323A.0107 PARTNERSHIP SUBJECT TO AMENDMENT OR REPEAL OF CHAPTER.

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

History: *1997 c 174 art 1 s 7*

NATURE OF PARTNERSHIP

323A.0201 PARTNERSHIP AS ENTITY.

(a) A partnership is an entity distinct from its partners.

(b) A limited liability partnership continues to be the same entity that existed before the filing of a statement of qualification under section 323A.1001.

History: *1997 c 174 art 2 s 8*

323A.0202 FORMATION OF PARTNERSHIP.

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

(b) An association formed under a statute other than this chapter, a predecessor statute, or a comparable statute of another jurisdiction is not a partnership under this chapter.

(c) In determining whether a partnership is formed, 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.

History: *1997 c 174 art 2 s 9*

323A.0203 PARTNERSHIP PROPERTY.

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

History: *1997 c 174 art 2 s 10*

323A.0204 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.

History: *1997 c 174 art 2 s 11*

RELATIONS OF PARTNERS TO PERSONS DEALING WITH PARTNERSHIP

323A.0301 PARTNER AGENT OF PARTNERSHIP.

Subject to the effect of a statement of partnership authority under section 323A.0303:

(1) Each partner is an agent of the partnership for the purpose of its business. An act of a partner, including the execution of an instrument in the partnership name, for apparently carrying on in the ordinary course the partnership business or business of the kind carried on by the partnership binds the partnership, unless

the partner had no authority to act for the partnership in the particular matter and the person with whom the partner was dealing knew or had received a notification that the partner lacked authority.

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

History: *1997 c 174 art 3 s 12*

323A.0302 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 323A.0303, 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, without the necessity of an instrument of transfer executed by a partner in the partnership name.

(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, without the necessity of an instrument of transfer executed by a partner in the partnership name.

(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 323A.0301 and:

(1) as to a subsequent transferee who gave value for property transferred under subsection (a)(1) and (2), proves that the subsequent transferee knew 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 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.

History: *1997 c 174 art 3 s 13*

323A.0303 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, including the zip code, of its chief executive office and of one office in this state, if there is one;

(iii) the names and mailing addresses, including zip codes, 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, including zip codes, 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 323A.0105(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) 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 filed statement of partnership authority, whether or not a certified copy of the filed statement is recorded, 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. The recording 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 only if a certified copy of the filed statement containing the limitation on authority is of record.

(f) Except as otherwise provided in subsections (d) and (e) and sections 323A.0704 and 323A.0805, 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.

History: *1997 c 174 art 3 s 14*

323A.0304 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 323A.0303(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 as provided in section 323A.0303(d) and (e).

History: *1997 c 174 art 3 s 15*

323A.0305 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 the partnership's business or while acting with authority of the partnership, a partner receives or causes the partnership to receive money or property of a person not a partner, and the money or property is misapplied by a partner, the partnership is liable for the loss.

History: *1997 c 174 art 3 s 16*

323A.0306 PARTNER'S LIABILITY.

(a) Except as otherwise provided in subsections (b) and (c), 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.

(c) An obligation of a partnership incurred while the partnership is a limited liability partnership, whether arising in contract, tort, or otherwise, is solely the obligation of the partnership. A partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for such an obligation solely by reason of being or so acting as a partner. This subsection applies notwithstanding anything inconsistent in the partnership agreement that existed immediately before the vote required to become a limited liability partnership under section 323A.1001(b).

(d) For the purposes of this section:

(1) All partnership debts and obligations under or relating to a note, contract, or other agreement are incurred when the note, contract, or other agreement is entered into.

(2) An amendment, modification, extension, or renewal of a note, contract, or other agreement does not affect the time at which a partnership debt or obligation under or relating to that note, contract, or other agreement is incurred, even as to a claim that relates to the subject matter of the amendment, modification, extension, or renewal.

This subsection does not affect any law, rule, or period pertaining to any statute of limitations or statute of repose.

History: *1997 c 174 art 3 s 17; 1998 c 262 s 4*

323A.0307 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, to the extent not inconsistent with section 323A.0306, 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 the partner is personally liable for the claim under section 323A.0306; and

(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 323A.0308.

History: *1997 c 174 art 3 s 18*

323A.0308 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 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.

History: *1997 c 174 art 3 s 19*

RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

323A.0401 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) 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.

(c) A partnership shall reimburse a partner for payments made and indemnify a partner for liabilities incurred by the partner in the ordinary course of the business of the partnership or for the preservation of its business or property.

(d) A partnership shall reimburse a partner 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 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 323A.0301.

History: *1997 c 174 art 4 s 20*

323A.0402 DISTRIBUTIONS IN KIND.

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

History: *1997 c 174 art 4 s 21*

323A.0403 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 shall furnish to a partner, and to the legal representative of a deceased partner or partner under legal disability:

(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 chapter; 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.

History: *1997 c 174 art 4 s 22*

323A.0404 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;

(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; and

(3) to refrain from competing with the partnership in the conduct of the partnership business before the dissolution of the partnership.

(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 chapter 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 chapter 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, and as to each loan or transaction the rights and obligations of the partner are the same as those of a person who is not a partner, subject to other applicable law.

(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.

History: *1997 c 174 art 4 s 23*

323A.0405 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, with or without 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 chapter, including:

(i) the partner's rights under section 323A.0401, 323A.0403, or 323A.0404;

(ii) the partner's right on dissociation to have the partner's interest in the partnership purchased pursuant to section 323A.0701 or enforce any other right under sections 323A.0601 to 323A.0705; or

(iii) the partner's right to compel a dissolution and winding up of the partnership business under section 323A.0801 or enforce any other right under sections 323A.0801 to 323A.0807; 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.

History: *1997 c 174 art 4 s 24*

323A.0406 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.

History: *1997 c 174 art 4 s 25*

TRANSFEREES AND CREDITORS OF PARTNER

323A.0501 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.

History: *1997 c 174 art 5 s 26*

323A.0502 PARTNER'S TRANSFERABLE INTEREST IN PARTNERSHIP.

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

History: *1997 c 174 art 5 s 27*

323A.0503 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 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 323A.0801(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 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.

History: *1997 c 174 art 5 s 28*

323A.0504 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. 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 chapter 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.

History: *1997 c 174 art 5 s 29*

PARTNER'S DISSOCIATION

323A.0601 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 323A.0404; 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.

History: *1997 c 174 art 6 s 30*

323A.0602 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 323A.0601(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 within 90 days after another partner's dissociation by death or otherwise under section 323A.0601(6) to (10) or wrongful dissociation under this subsection;

(ii) the partner is expelled by judicial determination under section 323A.0601(5);

(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 obligation of the partner to the partnership or to the other partners.

History: *1997 c 174 art 6 s 31*

323A.0603 EFFECT OF PARTNER'S DISSOCIATION.

(a) If a partner's dissociation results in a dissolution and winding up of the partnership business, sections 323A.0801 to 323A.0807 apply; otherwise, sections 323A.0701 to 323A.0705 apply.

(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 323A.0803;

(2) the partner's duty of loyalty under section 323A.0404(b)(3) terminates; and

(3) the partner's duty of loyalty under section 323A.0404(b)(1) and (2) and duty of care under section 323A.0404(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 323A.0803.

History: *1997 c 174 art 6 s 32*

PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP

323A.0701 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 323A.0801, 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 323A.0807(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 323A.0602(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 or after the dissociation, except liabilities incurred by an act of the dissociated partner under section 323A.0702.

(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 323A.0405(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).

History: *1997 c 174 art 7 s 33*

323A.0702 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 sections 323A.0901 to 323A.0914, is bound by an act of the dissociated partner which would have bound the partnership under section 323A.0301 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 323A.0303(e) or notice under section 323A.0704(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).

History: *1997 c 174 art 7 s 34*

323A.0703 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 sections 323A.0901 to 323A.0914, within two years after the partner's dissociation, only if the partner is liable for the obligation under section 323A.0306 and 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 323A.0303(e) or notice under section 323A.0704(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.

History: *1997 c 174 art 7 s 35*

323A.0704 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 323A.0303(d) and (e).

(c) For the purposes of sections 323A.0702(a)(3) and 323A.0703(b)(3), a person not a partner is deemed to have notice of the dissociation 90 days after the statement of dissociation is filed.

History: *1997 c 174 art 7 s 36*

323A.0705 CONTINUED USE OF PARTNERSHIP NAME.

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

History: *1997 c 174 art 7 s 37*

WINDING UP PARTNERSHIP BUSINESS

323A.0801 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 323A.0601(2) to (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 dissociation by death or otherwise under section 323A.0601(6) to (10) or wrongful dissociation under section 323A.0602(b), the express will of at least half of the remaining partners to dissolve the partnership business, for which purpose a partner's rightful dissociation pursuant to section 323A.0602(b)(2)(i) constitutes the expression of that partner's will to dissolve;

(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.

History: *1997 c 174 art 8 s 38*

323A.0802 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; and

(2) the rights of a third party accruing under section 323A.0804(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.

History: *1997 c 174 art 8 s 39*

323A.0803 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 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 323A.0807, settle disputes by mediation or arbitration, and perform other necessary acts.

History: *1997 c 174 art 8 s 40*

323A.0804 PARTNER'S POWER TO BIND PARTNERSHIP AFTER DISSOLUTION.

Subject to section 323A.0805, 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 323A.0301 before dissolution, if the other party to the transaction did not have notice of the dissolution.

History: *1997 c 174 art 8 s 41*

323A.0805 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 filed statement of dissolution cancels a filed statement of partnership authority for the purposes of section 323A.0303(d)(1) and, if recorded, is a limitation on authority for the purposes of sections 323A.0303(d)(2) and 323A.0303(e).

(c) For the purposes of sections 323A.0301 and 323A.0804, 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 323A.0303(d) and (e) in any transaction, whether or not the transaction is appropriate for winding up the partnership business.

History: *1997 c 174 art 8 s 42*

323A.0806 PARTNER'S LIABILITY TO OTHER PARTNERS AFTER DISSOLUTION.

(a) Except as otherwise provided in subsection (b) and section 323A.0306, after dissolution a partner is liable to the other partners for the partner's share of any partnership liability incurred under section 323A.0804.

(b) A partner who, with knowledge of the dissolution, incurs a partnership liability under section 323A.0804(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.

History: *1997 c 174 art 8 s 43*

323A.0807 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, profits and losses that result from the liquidation of the partnership assets must be credited and charged to the partners' accounts. The partnership shall make a distribution to a partner in an amount equal to any excess of the credits over the charges in the partner's account. A partner shall contribute to the partnership an amount equal to any excess of the charges over the credits in the partner's account but excluding from the calculation charges attributable to an obligation for which the partner is not personally liable under section 323A.0306.

(c) If a partner fails to contribute the full amount required under subsection (b), all of the other partners shall contribute, in the proportions in which those partners share partnership losses, the additional amount necessary to satisfy the partnership obligations for which they are personally liable under section 323A.0306. A partner or partner's legal representative may recover from the other partners any contributions the partner makes to the extent the amount contributed exceeds that partner's share of the partnership obligations for which the partner is personally liable under section 323A.0306.

(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 and for which the partner is personally liable under section 323A.0306.

(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.

History: *1997 c 174 art 8 s 44*

CONVERSIONS AND MERGERS

323A.0901 DEFINITIONS.

In sections 323A.0901 to 323A.0914:

(1) "General partner" means a partner in a partnership and a general partner in a limited partnership.

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

(3) "Limited partnership" means a limited partnership created under chapter 321, predecessor law, or comparable law of another jurisdiction.

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

History: *1997 c 174 art 9 s 45; 2007 c 13 art 3 s 20*

323A.0902 CONVERSIONS.

Subdivision 1. **Conversion requirements.** Pursuant to this section, sections 323A.0905 to 323A.0907, and a plan of conversion, an organization other than a partnership, a foreign partnership, a nonprofit corporation, or an organization owning assets irrevocably dedicated to a charitable purpose may convert to a partnership, and a partnership may convert to an organization other than a foreign partnership, or a corporation governed by chapter 304A, if:

(1) the other organization's governing statute authorizes the conversion;

(2) the conversion is not prohibited by other law of this state or the law of the jurisdiction that enacted the other organization's governing statute; and

(3) the other organization complies with its governing statute in effecting the conversion.

Subd. 2. **Contents of plan of conversion.** A plan of conversion must be in a record and must include:

(1) the name and form of the organization and the jurisdiction of the organization's governing statute before conversion;

(2) the name and form of the organization and the jurisdiction of the organization's governing statute after conversion;

(3) the terms and conditions of the conversion, including the manner and basis for converting interests in the converting organization into any combination of money, interests in the converted organization, and other consideration; and

(4) the organizational documents of the converted organization that are, or are proposed to be, in a record.

Subd. 3. **Member consent required.** A plan of conversion must be consented to by all the partners of a converting partnership or by a number or percentage specified for conversion in the partnership agreement.

Subd. 4. **Amendment of plan or abandonment of conversion.** Subject to any contractual rights, after a conversion is approved, and at any time before articles of conversion are delivered to the secretary of state for filing under section 323A.0903, a converting partnership may amend the plan or abandon the conversion:

(1) as provided in the plan; or

(2) except as otherwise prohibited in the plan, by the same consent as was required to approve the plan.

History: *1997 c 174 art 9 s 46; 2007 c 13 art 3 s 21; 2018 c 103 s 33*

323A.0903 FILINGS REQUIRED FOR CONVERSION; EFFECTIVE DATE AND TIME.

Subdivision 1. **Articles of conversion.** After a plan of conversion is approved:

(1) if the converting organization is a converting partnership, the converting partnership shall file articles of conversion with the secretary of state, which articles of conversion must be signed as provided in section 323A.0105, and must include:

(i) a statement that the partnership is converting into another organization;

(ii) the name and form of the converted organization and the jurisdiction of its governing statute;

(iii) the time the conversion is effective under the governing statute of the converted organization;

(iv) a statement that the conversion was approved as required by this chapter;

(v) a statement that the conversion was approved as required by the governing statute of the converted organization; and

(vi) if the converted organization is a foreign organization not authorized to transact business in this state, the street address of an office that the secretary of state may use for the purposes of section 323A.0904, subdivision 3; and

(2) if the converting organization is not a converting partnership, the converting organization shall file articles of conversion with the secretary of state, which articles of conversion must be signed as provided in section 323A.0105, and must include:

(i) a statement that the converting organization is converting into a partnership from another organization;

(ii) the name and form of the converting organization and the jurisdiction of its governing statute; and

(iii) a statement that the conversion was approved in a manner that complied with the converting organization's governing statute.

Subd. 2. **Effective date and time of conversion.** A conversion becomes effective:

(1) if the converted organization is a partnership, when the articles of conversion are filed with the secretary of state or on a later date or later time specified in the articles of conversion; and

(2) if the converted organization is not a partnership, as provided by the governing statute of the converted organization.

Subd. 3. **Certificate.** The secretary of state shall issue to the converted organization or its legal representative a certificate of conversion.

History: *1997 c 174 art 9 s 47; 2014 c 283 s 3; 2018 c 103 s 34*

323A.0904 EFFECT OF CONVERSION.

Subdivision 1. **Same entity.** An organization that has been converted pursuant to this section and sections 323A.0902 and 323A.0903 is for all purposes the same entity that existed before the conversion.

Subd. 2. **Effect on converting organization.** When a conversion takes effect:

(1) all property owned by the converting organization remains vested in the converted organization;

(2) all debts, obligations, or other liabilities of the converting organization continue as debts, obligations, or other liabilities of the converted organization;

(3) an action or proceeding pending by or against the converting organization may be continued as if the conversion had not occurred;

(4) except as prohibited by law other than this chapter, all of the rights, privileges, immunities, powers, and purposes of the converting organization remain vested in the converted organization;

(5) except as otherwise provided in the plan of conversion, the terms and conditions of the plan of conversion take effect; and

(6) except as otherwise agreed, the conversion does not dissolve a converting partnership for the purposes of sections 323A.0801 to 323A.0807.

Subd. 3. **Foreign organization.** A converted organization that is a foreign organization consents to the jurisdiction of the courts of this state to enforce any debt, obligation, or other liability for which the converting partnership is liable if, before the conversion, the converting partnership was subject to suit in this state on the debt, obligation, or other liability. A converted organization that is a foreign organization and not authorized to transact business in this state appoints the secretary of state as its agent for service of process for purposes of enforcing a debt, obligation, or other liability under this subdivision. Service on the secretary of state under this subdivision must be made in the same manner and has the same consequences as in section 5.26.

History: *1997 c 174 art 9 s 48; 2018 c 103 s 35*

323A.0905 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, including the zip code, 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 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.

History: *1997 c 174 art 9 s 49*

323A.0906 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, as part of the merger documents,

state the mailing address, including the zip code, of its chief executive office. Service of process is pursuant to section 5.25.

(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) except as otherwise provided in section 323A.0306, 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 323A.0807, or in the 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 323A.0701 or another statute specifically applicable to that partner's interest with respect to a merger. The surviving entity is bound under section 323A.0702 by an act of a general partner dissociated under this subsection, and the partner is liable under section 323A.0703 for transactions entered into by the surviving entity after the merger takes effect.

History: *1997 c 174 art 9 s 50*

323A.0907 STATEMENT OF MERGER.

(a) After a merger under sections 323A.0905 to 323A.0907, the surviving partnership or limited partnership must 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 partnerships were merged;

(3) the street address, including the zip code, 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 323A.0302, 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 323A.0302, 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.

(e) A filed statement of merger, executed and declared to be accurate pursuant to section 323A.0105(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).

History: *1997 c 174 art 9 s 51*

323A.0908 MS 2016 [Repealed, 2018 c 103 s 41]

323A.0910 DOMESTICATION.

Subdivision 1. **Foreign partnership.** A foreign partnership may become a domestic partnership pursuant to this section, sections 323A.0911 to 323A.0913, and a plan of domestication if:

(1) the foreign partnership's governing statute authorizes the domestication, whether described by the laws of the foreign jurisdiction as a domestication, a conversion, or otherwise;

(2) the domestication is not prohibited by the law of the jurisdiction that enacted the governing statute; and

(3) the foreign partnership complies with its governing statute in effecting the domestication.

Subd. 2. **Domestic partnership.** A partnership may become a foreign partnership pursuant to this section, sections 323A.0911 to 323A.0913, and a plan of domestication if:

(1) the foreign partnership's governing statute authorizes the domestication, whether described by the laws of the foreign jurisdiction as a domestication, a conversion, or otherwise;

(2) the domestication is not prohibited by the law of the jurisdiction that enacted the governing statute; and

(3) the foreign partnership complies with its governing statute in effecting the domestication.

Subd. 3. **Plan of domestication.** A plan of domestication must be in a record and must include:

(1) the name of the domesticating partnership before domestication and the jurisdiction of its governing statute;

(2) the name of the domesticated partnership after domestication and the jurisdiction of its governing statute;

(3) the terms and conditions of the domestication, including the manner and basis for converting interests in the domesticating partnership into any combination of money, interests in the domesticated partnership, and other consideration; and

(4) the organizational documents of the domesticated partnership that are, or are proposed to be, in a record.

History: *2018 c 103 s 36*

323A.0911 ACTION ON PLAN OF DOMESTICATION BY DOMESTICATING PARTNERSHIP.

Subdivision 1. **Consent required.** A plan of domestication must be consented to:

(1) by all the partners, subject to section 323A.0914, if the domesticating partnership is a domestic partnership; and

(2) as provided in the domesticating partnership's governing statute, if the company is a foreign limited liability company.

Subd. 2. **Amendment of plan or abandonment of domestication.** Subject to any contractual rights, after a domestication is approved, and at any time before articles of domestication are filed with the secretary of state under section 323A.0912, a domesticating partnership may amend the plan or abandon the domestication:

(1) as provided in the plan; or

(2) except as otherwise prohibited in the plan, by the same consent as was required to approve the plan.

History: *2018 c 103 s 37*

323A.0912 FILINGS REQUIRED FOR DOMESTICATION; EFFECTIVE DATE.

Subdivision 1. **Articles of domestication.** After a plan of domestication is approved, a domesticating partnership shall file with the secretary of state articles of domestication, which articles of domestication must include:

(1) a statement, as the case may be, that the partnership has been domesticated from or into another jurisdiction;

(2) the name of the domesticating partnership and the jurisdiction of its governing statute;

(3) the name of the domesticated partnership and the jurisdiction of its governing statute;

(4) the date the domestication is effective under the governing statute of the domesticated company;

(5) if the domesticating partnership was a domestic partnership, a statement that the domestication was approved as required by this chapter;

(6) if the domesticating company was a foreign partnership, a statement that the domestication was approved as required by the governing statute of the other jurisdiction; and

(7) if the domesticated partnership was a foreign partnership, the street address of an office that the secretary of state may use for the purposes of section 5.25.

Subd. 2. **Effective date of domestication.** A domestication becomes effective:

(1) upon the filing of the articles of domestication, or a later date specified in the articles of domestication, if the domesticated partnership is a domestic partnership; and

(2) according to the governing statute of the domesticated company, if the domesticated organization is a foreign partnership.

History: *2018 c 103 s 38*

323A.0913 EFFECT OF DOMESTICATION.

Subdivision 1. **Effect on domesticating partnership.** When a domestication takes effect:

(1) the domesticated partnership is for all purposes the partnership that existed before the domestication;

(2) all property owned by the domesticating partnership remains vested in the domesticated partnership;

(3) all debts, obligations, or other liabilities of the domesticating partnership continue as debts, obligations, or other liabilities of the domesticated partnership;

(4) an action or proceeding pending by or against a domesticating partnership may be continued as if the domestication had not occurred;

(5) except as prohibited by other law, all of the rights, privileges, immunities, powers, and purposes of the domesticating partnership remain vested in the domesticated partnership;

(6) except as otherwise provided in the plan of domestication, the terms and conditions of the plan of domestication take effect; and

(7) except as otherwise agreed, the domestication does not dissolve a domesticating partnership for the purposes of sections 323A.0801 to 323A.0807.

Subd. 2. **Foreign partnership.** A domesticated partnership that is a foreign limited liability partnership consents to the jurisdiction of the courts of this state to enforce any debt, obligation, or other liability owed by the domesticating partnership if, before the domestication, the domesticating partnership was subject to suit in this state on the debt, obligation, or other liability. A domesticated partnership that is a foreign partnership appoints the secretary of state as its agent for service of process for purposes of enforcing a debt, obligation, or other liability under this subdivision. Service on the secretary of state under this subdivision must be made in the same manner and has the same consequences as in section 5.25.

History: *2018 c 103 s 39*

323A.0914 RESTRICTIONS ON APPROVAL OF MERGERS, EXCHANGES, CONVERSIONS, AND DOMESTICATIONS.

Subdivision 1. **Personal liability of member.** If a partner of a constituent, converting, or domesticating partnership has personal liability with respect to a surviving constituent, converted, or domesticated organization, approval or amendment of a plan of merger, exchange, conversion, or domestication is ineffective without the consent of the member, unless:

(1) the partnership agreement provides for approval of a merger, exchange, conversion, or domestication with the consent of fewer than all the partners; and

(2) the partner has consented to the provision of the partnership agreement.

Subd. 2. **Consent.** A member does not give the consent required by subdivision 1 merely by consenting to a provision of the partnership agreement that permits the partnership agreement to be amended with the consent of fewer than all the partners.

History: *2018 c 103 s 40*

LIMITED LIABILITY PARTNERSHIP

323A.1001 STATEMENT OF QUALIFICATION.

(a) A partnership may become a limited liability partnership pursuant to this section.

(b) The terms and conditions on which a partnership becomes a limited liability partnership must be approved by the vote necessary to amend the partnership agreement except, in the case of a partnership agreement that expressly considers obligations to contribute to the partnership, the vote necessary to amend those provisions.

(c) After the approval required by subsection (b), a partnership may become a limited liability partnership by filing a statement of qualification. The statement must contain:

(1) the name of the partnership;

(2) the street address, including the zip code, of the partnership's chief executive office and, if different, the street address, including the zip code, of an office in this state, if any;

(3) if the partnership does not have an office in this state, the name and street address, including the zip code, of the partnership's agent for service of process. If an agent for service of process is listed, the limited liability partnership shall comply with section 5.36;

(4) a statement that the partnership elects to be a limited liability partnership; and

(5) a deferred effective date, if any.

(d) The agent of a limited liability partnership for service of process must be an individual who is a resident of this state or other person authorized to do business in this state.

(e) The status of a partnership as a limited liability partnership is effective on the later of the filing of the statement or a date specified in the statement. The status remains effective, regardless of changes in the partnership, until it is canceled pursuant to section 323A.0105(d) or revoked pursuant to section 323A.1003.

(f) The status of a partnership as a limited liability partnership and the liability of its partners is not affected by errors or later changes in the information required to be contained in the statement of qualification under subsection (c).

(g) The filing of a statement of qualification establishes that a partnership has satisfied all conditions precedent to the qualification of the partnership as a limited liability partnership.

(h) An amendment or cancellation of a statement of qualification is effective when it is filed or on a deferred effective date specified in the amendment or cancellation.

(i) A statement of qualification may include the information necessary to make an election under section 319B.03, subdivision 2, and to update that information as provided in section 319B.03, subdivision 3.

History: *1997 c 174 art 10 s 53; 1999 c 85 art 3 s 15; 2010 c 250 art 2 s 27*

323A.1002 NAME.

The name of a limited liability partnership must meet the standard found in section 302A.115, except that the name must include "Registered Limited Liability Partnership," "Limited Liability Partnership,"

"R.L.L.P.," "L.L.P.," "RLLP," or "LLP" rather than the corporate designators found in section 302A.115, subdivision 1, paragraph (b).

History: *1997 c 174 art 10 s 54; 1999 c 133 s 6*

323A.1003 ANNUAL RENEWAL.

(a) Each calendar year beginning in the calendar year following the calendar year in which a partnership files a statement of qualification or in which a foreign partnership becomes authorized to transact business in this state, the secretary of state may send annually to the partnership or foreign partnership, using the information provided by the limited liability partnership pursuant to section 5.002 or 5.34 or the limited liability partnership statement of qualification, a notice. The notice will announce the need to file the annual renewal and will inform the partnership or foreign partnership that the annual renewal may be filed online and that paper filings may also be made and that failure to file the notice by December 31 will result in the revocation of the statement of qualification of this limited liability partnership.

(b) A limited liability partnership, and a foreign limited liability partnership authorized to transact business in this state, shall file an annual renewal in the office of the secretary of state which contains the information required by section 5.34.

(c) An annual renewal must be filed once each calendar year beginning in the year following the calendar year in which a partnership files a statement of qualification or a foreign partnership becomes authorized to transact business in this state.

(d) The secretary of state must revoke the statement of qualification of a partnership that fails to file an annual renewal when due or pay the required filing fee. The secretary of state must issue a certificate of revocation which must be filed in the office of the secretary of state. The secretary of state must also make available in an electronic format the names of the revoked limited liability companies.

(e) A revocation under subsection (d) only affects a partnership's status as a limited liability partnership and is not an event of dissolution of the partnership.

(f) A partnership whose statement of qualification has been revoked may apply to the secretary of state for reinstatement. A partnership must file an annual renewal to apply for reinstatement and pay a reinstatement fee of $160.

(g) A reinstatement under subsection (f) relates back to and takes effect as of the effective date of the revocation, and the partnership's status as a limited liability partnership continues as if the revocation had never occurred.

History: *1997 c 174 art 10 s 55; 2000 c 395 s 14; 2007 c 148 art 2 s 59; 2009 c 101 art 2 s 84*

323A.1004 REVOCATION FOR FAILURE TO REPLACE A REQUIRED REGISTERED AGENT.

If a limited liability partnership is required to list an agent for service of process in its statement of qualification pursuant to section 323A.1001(c)(3) or 323A.1102(a)(3) and that agent resigns pursuant to section 5.36, subdivision 4, and the limited liability partnership or foreign limited liability partnership fails to amend the statement of qualification or statement of foreign qualification to name a new agent for service of process by the time the resignation becomes effective, the secretary of state must attempt to provide notice to the limited liability partnership or foreign limited liability partnership that the statement of qualification or statement of foreign qualification will be revoked if it is not amended to name a new agent for service of process within 30 days after the attempts to provide the notice. If the statement of qualification or statement

of foreign qualification is not amended to name a new agent for service of process within that time, the secretary of state must revoke the statement of qualification or statement of foreign qualification.

History: *2011 c 106 s 23*

FOREIGN LIMITED LIABILITY PARTNERSHIP

323A.1101 LAW GOVERNING FOREIGN LIMITED LIABILITY PARTNERSHIP.

(a) The law under which a foreign limited liability partnership is formed governs relations among the partners and between the partners and the partnership and the liability of partners for obligations of the partnership.

(b) A foreign limited liability partnership may not be denied a statement of foreign qualification by reason of any difference between the law under which the partnership was formed and the law of this state.

(c) A statement of foreign qualification does not authorize a foreign limited liability partnership to engage in any business or exercise any power that a partnership may not engage in or exercise in this state as a limited liability partnership.

History: *1997 c 174 art 11 s 56*

323A.1102 STATEMENT OF FOREIGN QUALIFICATION.

(a) Before transacting business in this state, a foreign limited liability partnership must file a statement of foreign qualification. The statement must contain:

(1) the name of the foreign limited liability partnership which satisfies the requirements of the state or other jurisdiction under whose law it is formed and ends with "Registered Limited Liability Partnership," "Limited Liability Partnership," "R.L.L.P.," "L.L.P.," "RLLP," or "LLP." A foreign limited liability partnership may use an alternate name to transact business in the state if it lists the alternate name in the statement;

(2) the street address, including the zip code, of the partnership's chief executive office and, if different, the street address, including the zip code, of an office of the partnership in this state, if any;

(3) if there is no office of the partnership in this state, the name and street address, including the zip code, of the partnership's agent for service of process. If an agent for service of process is listed, the limited liability partnership shall comply with section 5.36;

(4) a deferred effective date, if any; and

(5) the name of the jurisdiction under whose law the foreign limited liability partnership was originally registered.

(b) The agent of a foreign limited liability company for service of process must be an individual who is a resident of this state or other person authorized to do business in this state.

(c) The status of a partnership as a foreign limited liability partnership is effective on the later of the filing of the statement of foreign qualification or a date specified in the statement. The status remains effective, regardless of changes in the partnership, until it is canceled pursuant to section 323A.0105(d) or revoked pursuant to section 323A.1003.

(d) An amendment or cancellation of a statement of foreign qualification is effective when it is filed or on a deferred effective date specified in the amendment or cancellation.

(e) A statement of foreign qualification may include the information necessary to make an election under section 319B.04, subdivision 2, and to update that information as provided in section 319B.04, subdivision 3.

History: *1997 c 174 art 11 s 57; 1999 c 85 art 3 s 16; 2002 c 311 art 4 s 3; 2008 c 203 s 13; 2010 c 250 art 2 s 28; 2011 c 106 s 24; 2013 c 110 s 7*

323A.1103 EFFECT OF FAILURE TO QUALIFY.

(a) A foreign limited liability partnership transacting business in this state may not maintain an action or proceeding in this state unless it has in effect a statement of foreign qualification.

(b) The failure of a foreign limited liability partnership to have in effect a statement of foreign qualification does not impair the validity of a contract or act of the foreign limited liability partnership or preclude it from defending an action or proceeding in this state.

(c) A limitation on personal liability of a partner is not waived solely by transacting business in this state without a statement of foreign qualification.

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

History: *1997 c 174 art 11 s 58*

323A.1104 ACTIVITIES NOT CONSTITUTING TRANSACTING BUSINESS.

(a) Activities of a foreign limited liability partnership which do not constitute transacting business for the purpose of this article include:

(1) maintaining, defending, or settling an action or proceeding;

(2) holding meetings of its partners or carrying on any other activity concerning its internal affairs;

(3) maintaining bank accounts;

(4) maintaining offices or agencies for the transfer, exchange, and registration of the partnership's own securities or maintaining trustees or depositories with respect to those securities;

(5) selling through independent contractors;

(6) soliciting or obtaining orders, whether by mail or through employees or agents or otherwise, if the orders require acceptance outside this state before they become contracts;

(7) creating or acquiring indebtedness, with or without a mortgage, or other security interest in property;

(8) collecting debts, including foreclosing mortgages, canceling contracts for deed, enforcing other security interests on property securing debts, accepting deeds or other instruments of title from debtors in lieu of foreclosure, cancellation or other enforcement, and holding, protecting, and maintaining property so acquired;

(9) conducting an isolated transaction that is completed within 30 days and is not one in the course of similar transactions; and

(10) transacting business in interstate commerce.

(b) For purposes of this article, the ownership in this state of income-producing real property or tangible personal property, other than property excluded under subsection (a), constitutes transacting business in this state.

(c) This section does not apply in determining the contacts or activities that may subject a foreign limited liability partnership to service of process, taxation, or regulation under any other law of this state.

History: *1997 c 174 art 11 s 59*

323A.1105 ACTION BY ATTORNEY GENERAL.

The attorney general may maintain an action to restrain a foreign limited liability partnership from transacting business in this state in violation of sections 323A.1101 to 323A.1105.

History: *1997 c 174 art 11 s 60*

MISCELLANEOUS PROVISIONS

323A.1201 SHORT TITLE.

This chapter may be cited as the "Uniform Partnership Act (1994)."

History: *1997 c 174 art 12 s 62*

323A.1202 APPLICABILITY.

(a) Before January 1, 2002, chapter 323A governs only a partnership formed:

(1) after January 1, 1999, unless that partnership is continuing the business of a dissolved partnership under section 323.40; and

(2) before January 1, 1999, that elects, as provided by subsection (c), to be governed by chapter 323A.

(b) On and after January 1, 2002, chapter 323A governs all partnerships.

(c) Before January 1, 2002, 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 chapter 323A. Before January 1, 2002, provisions of chapter 323A 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 chapter 323A, only if the third party knows or has received a notification of the partnership's election to be governed by chapter 323A.

History: *1997 c 174 art 12 s 63; 2001 c 64 s 4*

323A.1203 EFFECT OF DESIGNATION.

Except as otherwise provided in this chapter, a partnership remains the same entity for purposes of holding title to or conveying an interest in real or personal property and for all other purposes:

(1) during the winding up of the partnership following its dissolution;

(2) whether the status of a partnership that is a limited liability partnership terminates under section 323A.0105(d) or 323A.1003; and

(3) regardless of whether the words "limited liability partnership," "professional limited liability partnership," "general partnership," "registered limited liability partnership," or the designation "L.L.P.," "LLP," "P.L.L.P.," "PLLP," "R.L.L.P.," or "RLLP" are used in an instrument conveying an interest in real or personal property to or from the partnership or in any other writing.

History: *1997 c 174 art 12 s 64*