

/* The following is the full text of the Uniform Limited Partnership Act, with comments. */

UNIFORM LIMITED PARTNERSHIP ACT

/* Alas, most uniform acts are not "uniform." Each state makes changes in the basic framework, often in important ways. There are also several different versions. What follows is the 1976 version as amended in 1985. Each state's version of this law may differ significantly. However, this law represents the latest thinking about limited partnership law.*/

Section 101. Definitions. As used in this Act, unless the context otherwise requires:

(1) Certificate of limited partnership means the certificate referred to in Section 201, and the certificate as amended or restated.

(2) Contribution means any cash, property, services rendered, or a promissory note or other binding obligation to contribute cash or property or to preform services, which a partner contributes to a limited partnership in his capacity as a partner.

/* It is significant to note that the act permits a binding commitment to provide future services to be a contribution. */

(3) Event of withdrawal of a general partner means an event that causes a person to cease to be a general partner as provided in Section 402.

(4) Foreign limited partnership means a partnership formed under the laws of any State other than this State and having as partners one or more general partners and one or more limited partners.

(5) General partner means a person who has been admitted to a limited partnership as a general partner in accordance with the partnership agreement and named in the certificate of limited partnership as a general partner.

(6) Limited partner means a person who has been admitted to a limited partnership as a limited partner in accordance with the partnership agreement.

(7) Limited partnership and domestic limited partnership means a partnership formed by two or more persons under the laws of this State and having one or more limited partners and one or more general partners.

(8) Partner means a limited or general partner.

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

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

(11) Person means a natural person, partnership, limited partnership (domestic or foreign) trust, estate, association, or corporation.

(12) State means a state, territory, possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

Section 102. Name. The name of each limited partnership as set forth in its certificate of limited partnership:

(1) shall contain without abbreviation the words "limited partnership;"

(2) may not contain the name of a limited partner unless (i) it is also the name of a general partner or the corporate name of a corporate general partner or (ii) the business of the limited partnership had been carried on under that name before the admission of that limited partner.

(3) may not be the same as, or deceptively similar to, the name of any corporation or limited partnership organized under the laws of this State or license or registered as a foreign corporation or limited partnership in this State; and

(4) may not contain the following words: [insert]

/* This usually includes: bank, credit union, insurance company, trust company, rail road, as they are required to have permission from state or federal authorities first before formation. */

Section 103. Reservation of Name.

(a) The exclusive right to the use of a name may be reserved by:

(1) any person intending to organize a limited partnership under this Act and to adopt that name;

(2) any domestic limited partnership or any foreign limited partnership registered in this State, which in either case, intends to adopt that name;

(3) any foreign limited partnership intending to register in this State and use that name;

(4) any person intending to organize a foreign limited partnership and intending to have it register in this State and adopt that name.

(b) The reservation shall be made by filing with the Secretary of State an application, executed by the applicant, to reserve a

specified name. If the Secretary of State finds that the name is available for use by a domestic or foreign limited partnership, he or she shall reserve that name for the exclusive use of the applicant for a period of 120 days. Once having so reserved a name, the same applicant may not again reserve the same name until more than 60 days after the expiration of the last 120-day period for which that applicant reserved that name. The right to the exclusive use of a reserved name may be transferred to any other person by filing with the Secretary of State a notice of the transfer, executed by the applicant for whom the name was reserved and specifying the name and address of the transferee.

Section 104. Specified Office and Agent. Each limited partnership shall keep at the office referred to in Section 104(1) the following:

(1) A current list of the full name and last known business address of each partner, separately identifying the general (in alphabetical order) and the limited partners (in alphabetical order);

(2) A copy of the certificate of limited partnership and all certificates of amendment thereto, together with executed copies of any powers of attorney pursuant to which any certificate has been executed;

(3) copies of the limited partnership's federal, state and local income tax returns and reports, if any, for the three most recent years;

(4) copies of any then efficient written partnership agreements and of any financial statements of the limited partnership for the three most recent years; and

(5) unless contained in a written partnership agreement, a writing setting out:

(i) the amount of cash and a description and statement of the agreed value of the other property or services contributed by each partner and which each partner has agreed to contribute;

(ii) the times at which or events on the happening of which any additional contributions agreed to be made by each partner are to be made;

(ii) any right of a partner to receive, or a general partner to make, distributions to a partner which include a return of all or any part of the partner's contribution;

(iii) any right of a partner to receive, or of a general partner to make, distributions to a partner which include a return of all or any part of the partner's contribution;

(iv) any events upon the happening of which the limited partnership is to be dissolved and its affairs wound up.

(b) Records kept under this section are subject to inspection and copying at the reasonable request and at the expense of any partner during ordinary business hours.

Section 106. Nature of partnership. A limited partnership may carry on any business that a partnership without limited partners may carry on except [add here]

Section 107. Business Transaction of Partner with Partnership. Except as provided in the partnership agreement, a partner may lend money to and transact other business with the limited partnership and, subject to other applicable law, has the same rights and obligations with respect thereto as a person who is not a partner.

/* It is not unusual for a partner to be a creditor, limited and general partner at once. The ULPA accommodates extreme flexibility in the form and nature of contributions and other financial arrangements. */

ARTICLE 2 FORMATION; CERTIFICATE OF LIMITED PARTNERSHIP

Section 201. Certificate of Limited Partnership. (a) In order to form a limited partnership, a certificate of limited partnership must be executed and filed in the office of the Secretary of State. The certificate shall set forth:

- (1) the name of the limited partnership;
- (2) the address of the office and name and address of the agent for service of process required to be maintained by Section 104;
- (3) the name and business address of each general partner;
- (4) the latest date upon which the limited partnership is to dissolve;
- (5) any other matters the general partners determine to include therein.

/* Ordinarily the actual certificate of limited partnership is kept rather sparse to maintain confidentiality. The partnership agreement is the place where all of these matters MUST be set forth. */

Section 202. Amendment of Certificate. (a) A certificate of limited partnership is amended by filing a certificate of amendment thereto in the office of the Secretary of State. The certificate shall set forth:

- (1) the name of the limited partnership;

(2) the date of filing the certificate;

(3) the amendment to the certificate.

(b) within 30 days after the happening of any of the following events, an amendment to a certificate of limited partnership reflecting the occurrence of the event or events shall be filed:

(1) the admission of a new general partner;

(2) the withdrawal of a general partner;

(3) the continuation of business under section 801 after an event of withdrawal of a limited partnership.

(c) A general partner who becomes aware that any statement in a certificate of limited partnership was false when made or than any arrangements or other facts described have changed, making the certificate inaccurate in any respect, shall promptly amend the certificate.

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

(e) No person has any liability because an amendment to a certificate of general partnership has not been filed to reflect the occurrence of any event referred to in subsection (b) of this section if the amendment is filed within the 30-day period specified in subsection (b).

(f) A restated certificate of limited partnership may be executed and filed in the same manner as a certificate of amendment.

Section 203. Cancellation of Certificate. A certificate of limited partnership shall be canceled upon the dissolution and the and the commencement of winding up of the partnership or at any other time there are no limited partners. A certificate of cancellation shall be filed in the office of the Secretary of State and set forth:

(1) the name of the limited partnership;

(2) the date of filing of its certificate of limited partnership;

(3) the reason for the filing of the certificate of cancellation;

(4) the effective date (which shall be a date certain) of cancellation if it is not to be effective upon the filing of the certificate;

(5) any other information the general partners filing the certificate of amendment.

Section 204. Execution of Certificates. (a) Each certificate required by this Article to be filed in the office of the Secretary of State shall be executed in the following manner:

- (1) an original certificate of limited partnership must be signed by all general partners;
 - (2) a certificate of amendment must be signed by at least one general partner and by each other general partner designated in the certificate as a new general partner;
 - (3) a certificate of cancellation must be signed by all general partners,
- (b) any person may sign a certificate by an attorney in fact, but a power of attorney to sign a certificate relating to the admission of a general partner must specifically describe the admission;
- (c) The execution of a certificate by a general partner constitutes an affirmation under penalties of perjury that the facts stated therein are true.

Section 205. Execution by Judicial Act. If a person required by Section 204 to execute any certification fails or refuses to do so any person who is adversely affected by the failure or refusal, may petition [designate court] to direct the execution of the certificate. If the court finds that it is proper for the certificate to be executed and that any person so designated has failed or refused to execute the certificate, it shall order the Secretary of State to record an appropriate certificate.

Section 206. Filing in Office of Secretary of State. (a) Two signed copies of the certificate of limited partnership and of any certificate of amendment or cancellation (or any judicial decree of amendment or cancellation) shall be delivered to the Secretary of State. A person who executes a certificate as an agent or fiduciary need not exhibit evidence of his or her authority as a prerequisite to filing. Unless the Secretary of State finds that any certificate does not conform to law, upon receipt of all filing fee required by law he or she shall:

- (1) endorse on each duplicate original the word "Filed" and the day, month and year of the filing thereof;
- (2) file one duplicate original in his or her office;
- (3) return the other duplicate original to the person who filed it or his or her representative.

(b) Upon filing of a certificate of amendment (or judicial decree of amendment) in the Office of the Secretary of State, the certificate of limited partnership shall be amended as set forth therein, and upon the effective date of a certificate of cancellation (or a judicial decree thereof) the certificate of limited partnership is canceled.

Section 207. Liability for False Statement in Certificate. If any certificate of limited partnership or certificate of amendment or cancellation contains a false state, one who suffers loss by reliance on the statement may recover damages for the loss from:

(1) any person who executes the certificate, or causes another to execute it on his behalf, and knew, and any general partner who knew or should have known, the statement to be false at the time the certificate was executed; and

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

Section 208. Scope of Notice. The fact that a certificate of limited partnership is on file in the office of the Secretary of State is notice that the partnership is a limited partnership and the persons designated therein as general partners are general partners, but it is not notice of any other fact.

Section 209. Delivery of Certificates to Limited Partners. Upon the return by the Secretary of State pursuant to Section 206 of a certificate marked filed, the general partners shall promptly deliver or mail a copy of the certificate of limited partnership to each limited partner unless the partnership agreement provides otherwise.

ARTICLE 3 LIMITED PARTNERS

Section 301. Admission of Limited Partners.

(a) A person becomes a limited partner:

(1) at the time that the limited partnership is formed;

or,

(2) at any later time specified in the records of the limited partnership for becoming a limited partner.

(b) After the filing of a limited partnership's original certificate of limited partnership, a person may be admitted as an additional limited partner:

(1) in the case of a person acquiring a partnership interest directly from the limited partnership, upon compliance with the partnership agreement or, if the partnership agreement does not so provide, upon the written consent of all partners; and

(2) in the case of an assignee of a partnership

interest of a partner who has the power, as provided in Section 704, to grant the assignee the right to become a limited partner, upon the exercise of that power and compliance with any conditions limiting the grant or exercise of the power.

Section 302. Voting. Subject to Section 303, the partnership agreement may grant to all or a specified group of the limited partners the right to vote (on a per capita or other basis) upon any matter.

/* Such power if used should be used sparingly. See Section 303 making limited partners involved in the business liable for the debts of the limited partnership. Being a limited partner is primarily designed to allow the benefits of ownership (such as flow through of tax losses) without the risk of ownership outright, personal liability for the debts. */

Section 303. Liability to Third Parties. (a) Except as provided in subsection (d), a limited partner is not liable for the obligations of a limited partnership unless he or she is also a general partner, or, in addition to the exercise of his or her rights and powers as a limited partner, participates in control of the business. However, if the limited partner participates in the control of the business he or she is liable only to persons who transact business with the limited partnership, reasonably believing, based upon the limited partner's conduct, that the limited partner is a general partner.

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

- (1) being a contractor for or an agent or employee of the limited partnership or of a general partner or being an officer, director, or shareholder of a general partner that is a corporation;
- (2) consulting with and advising a general partner with respect to the business of the limited partnership;
- (3) acting as surety for the limited partnership or guaranteeing or assuming one or more specific obligations of the limited partnership;
- (4) taking any action required or permitted by law to bring or pursue a derivative action in the right of the limited partnership;
- (5) requesting or attending a meeting of partners;
- (6) proposing, approving, or disapproving, by voting or otherwise, one or more of the following matters:
 - (i) the dissolution and winding up of the limited partnership;

(ii) the sale, exchange, lease, mortgage, pledge, or other transfer of all or substantially all of the assets of the limited partnership;

(iii) the incurrence of indebtedness by the limited partnership other than in the ordinary course of business;

(iv) a change in the nature of the business;

(v) the admission or removal of a general partner;

(vi) the admission or removal of a limited partner;

(vii) a transaction involving an actual or potential conflict of interest between a general partner and the limited partnership or the limited partners;

(viii) an amendment to the partnership agreement or certificate of limited partnership;

(ix) matters related to the business of the limited partnership not otherwise enumerated in this subsection (b), which the partnership agreement states in writing may be subject to the approval or disapproval of the limited partners;

(7) winding up the limited partnership pursuant to section 803;

(8) exercising any right or power permitted to limited partners under this Act and not specifically enumerated in this subsection (b).

(c) The enumeration in subsection (b) does not mean that the possession or exercise of any other powers by a limited partner constitutes participation by him or her in the business of the limited partnership.

(d) A limited partner who knowingly permits his or her name to be used in the name of the limited partnership, except under circumstances permitted by Section 102(2), is liable to creditors who extend credit to the limited partnership without actual knowledge that the limited partner is not a general partner.

Section 304. Person Erroneously Believing Himself or Herself a Limited Partner. (a) Except as provided in subsection (b), a person who makes a contribution to a business enterprise and erroneously but in good faith believes that he or she has become a limited partner in the enterprise is not a general partner in the enterprise and is not bound by its obligations by reason of making the contribution, receiving distributions from the enterprise or exercising any rights of a limited partner, if on ascertaining the mistake, he or she:

(1) cause an appropriate certificate of limited partnership or a certificate of amendment to be executed and filed; or

(2) withdraws from future equity participation in the enterprise by executing and filing in the office of the Secretary of State a certificate declaring withdrawal under this Section.

(b) A person who makes a contribution of the kind described in subsection (a) is liable as a general partner to any third party who transacts business with the enterprise (i) before the person withdraws and an appropriate certificate is filed to show withdrawal, or (ii) before an appropriate certificate is filed to show that he or she is not a general partner; but in either case only if the third party actually believed in good faith that the person was a general partner at the time of the transaction.

Section 305. Each limited partner has a right to:

(1) inspect and copy any of the partnership records required to be maintained by Section 105; and

(2) obtain from the general partners from time to time upon reasonable demand (i) true and full information regarding the state of the business and financial condition of the partnership, (ii) promptly after becoming available, a copy of the limited partnership's federal, state, and local income tax returns for each year, and (iii) other information regarding the affairs of the limited partnership as is just and reasonable.

ARTICLE 4 GENERAL PARTNERS

Section 401. Admission of Additional General Partners. After the filing of a limited partnership's original certificate of limited partnership, additional general partners may be admitted as provided in writing in the partnership agreement or, if the partnership agreement does not provide in writing for the admission of additional general partners, with the written consent of all partners.

Section 402. Events of Withdrawal. Except as approved by the specific written consent of all partners at the time, a person ceases to be a general partner of a limited partnership only upon the happening of any of the following events:

(1) the general partner withdraws from the limited partnership as provided in Section 602;

(2) the general partner ceases to be a member of the limited partnership as provided in Section 702;

(3) the general partner is removed as a general partner in accordance with the partnership agreement;

(4) unless otherwise provided in writing in the partnership agreement, the general partner: (i) makes an assignment for the benefit of creditors; (ii) files a voluntary petition in bankruptcy; (iii) is adjudicated a bankrupt or insolvent; (iv)

files a petition or answer seeking for himself or herself any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation; (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against him or her in any proceeding of this matter; (vi) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the general partner or of all or any substantial part of his or her properties;

(5) unless otherwise provided in writing in the partnership agreement, 120 days after the commencement of any proceeding against the general partner seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation, the proceeding has not been dismissed, or if within 90 days after the appointment without his or her consent or acquiescence of a trustee, receiver, or liquidator of the general partner or of all or any substantial part of his or her properties, the appointment is not stayed or within 90 days after the expiration of any such stay, the appointment is not vacated;

(6) in the case of a general partner who is a natural person,

(i) his or her death; or

(ii) the entry of an order by a court of competent jurisdiction adjudicating him or her incompetent to manage his or her person or his or her estate;

(7) in the cases of a general partner who is acting as a general partner by virtue of being a trustee of a trust, the termination of the trust (but not merely the substitution of a new trustee);

(8) in the case of a general partner that is a separate partnership, the dissolution and commencement of winding up of the separate partnership;

(9) in the case of a general partner that is a corporation, the filing of a certificate of dissolution, or its equivalent, for the corporation, or the revocation of its charter; or

(10) in the case of an estate, the distribution by the fiduciary of the estate's entire interest in the partnership.

Section 403. General Powers and Liabilities.

(a) Except as provided in this Act or in the partnership agreement, a general partner of a limited partnership has the rights and powers and is subject to the restrictions of a partner in a partnership without limited partners.

/* Thus, it is possible that a general partner's right to manage can be less extensive or more extensive. This is why banks and

others who deal with limited partnerships will want to examine the partnership agreement and get assurances that the general partners can borrow, etc. */

(b) Except as provided in this Act or in the partnership agreement a general partner of a limited partnership has the liabilities of a partner in a partnership without limited partners to persons other than the partnership and other partners. Except as provided in this Act or in the partnership agreement, a general partner of a limited partnership has the liabilities of a partner in a partnership without limited partners to the partnership and to other partners.

Section 404. Contributions by General Partner. A general partner of a limited partnership may make contributions to the partnership and share in the profits and losses of, and in distributions from, the limited partnership as a general partner. A general partner may also make contributions to and share in profits, losses and distributions as a limited partner. A person who is both a general and limited partner has the rights and powers, and is subject to the restrictions and liabilities, of a general partner, and, except and provided in the partnership agreement, also has the powers, and is subject to the restrictions, of a limited partner to the extent of his or her participation in the partnership as a limited partner.

Section 405. Voting. The partnership agreement may grant to all or certain identified limited partners the right to vote (on a per capita or any other basis), separately or with all or any other class of the limited partners, on any matter.

ARTICLE 5 FINANCE

Section 501. Form of Contribution. The Contribution of a partner may be in cash property, or services rendered, or a promissory note or other obligation to contribute cash or property or to perform services.

Section 502. Liability for Contribution. (a) A promise by a limited partner to contribute to the limited partnership is not enforceable unless set out in a writing signed by the limited partner.

(b) Except as provided in the partnership agreement, a partner is obligated to the limited partnership to perform any enforceable promise to contribute cash or property or to perform services, even if he or she is unable to perform because of death, disability or any other reason. If a partner does not make the required contribution of property or services, he or she is obligated at the option of the limited partnership to contribute cash equal to that portion of the value, as stated in the partnership records required to be kept pursuant to Section 105, of the stated contribution which has not been made.

(c) Unless otherwise provided in the partnership agreement, the

obligation of a partner to make a contribution or return money or other property paid or distributed in violation of this Act may be compromised only by consent of all partners. Notwithstanding the compromise, a creditor of a limited partnership who extends credit, or otherwise acts in reliance on that obligation after the partner signs a writing which, reflects the obligation, and before the amendment or cancellation thereof to reflect the compromise, may enforce the original obligation.

Section 503. Sharing of Profits and Losses. The profits and losses of a limited partnership shall be allocated among the partners, and among classes of partners, in the manner provided in writing in the partnership agreement. If the partnership agreement does not so provide in writing, profits and losses shall be allocated on the basis of value, as stated in the partnership records required to be kept pursuant to Section 105, of the contribution made by each partner to the extent that they have been received by the partnership and have not been returned.

Section 504. Sharing of Distributions. Distributions of cash or other assets of a limited partnership shall be allocated among the partners and among classes of partners in the manner provided in writing in the partnership agreement. If the partnership agreement does not so provide in writing, distributions shall be made on the basis of the value as stated in the partnership records required to be kept under section 105, of the contribution made by each partner to the extent that they have been received by the partnership and have not been returned.

ARTICLE 6 DISTRIBUTIONS AND WITHDRAWAL

Section 601. Interim Distributions. Except as provided in this article, a partner is entitled to receive distributions from a limited partnership before his or her withdrawal from the limited partnership and before the dissolution and winding up thereof:

to the extent and at the times or upon the happening of the events specified in the partnership agreement.

Section 602 Withdrawal of General Partner. A general partner may withdraw from a limited partnership at any time by giving written notice to the other partners, but if the withdrawal violates the partnership agreement, the limited partnership may recover from the withdrawing general partner damages for breach of the partnership agreement and offset the damages against the amount otherwise distributable to him or her.

Section 603. Withdrawal of Limited Partner. A limited partner may withdraw from a limited partnership at the time or upon the happening of events specified in writing in the partnership agreement. If the agreement does not specify in writing the time or events upon the happening of which a limited partner may withdraw or a definite time for dissolution of the limited partnership, a limited partner may withdraw upon less than six months prior written notice to each general partner at his

address on the books of the limited partnership at its office in this state.

Section 604. Distribution Upon Withdrawal. Except as provided in this Article, upon withdrawal any withdrawing partner is entitled to receive any distribution to which he or she is entitled under the partnership agreement and, if not otherwise provided in the agreement, he or she is entitled to receive, within a reasonable time after withdrawal, the fair value of his or her interest in the limited partnership as of the date of withdrawal based upon his or her right to share in distributions from the limited partnership.

/* This underlies the importance of making provisions in the partnership agreement regarding limited partners shares.

Otherwise, you could be in the uncomfortable position of having to find the money to pay a limited partner back his contribution. Most limited partnership agreements prevent the partners from demanding repayment prior to the expiration of the partnership.*/
*/

Section 605. Distribution in kind. Except as provided in writing in the partnership agreement, a partner, regardless of the nature of his or her contribution, has no right to demand and receive any distribution from a limited partnership in any other form than cash. Except as provided in writing in the partnership agreement, a partner may not be compelled to accept a distribution of any asset in kind from a limited partnership to the extent that the percentage of the asset distributed to him or her exceeds a percentage of that asset which is equal to the percentage in which he or she shares in distributions from the limited partnership.

Section 606.. Right to Distribution. At the time a partner becomes entitled to receive a distribution, he or she, has the status of, and is entitled to, all remedies available to, a creditor of the limited partnership with respect to the distribution.

Section 607. Limitations On Distribution. A partner may not receive a distribution from a limited partnership to the extent that, after giving effect to the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests, exceed the fair value of the partnership assets.

Section 608. Liability Upon Return of Contribution. (a) If a partner has received the return of any part of his or her contribution without violation of the partnership agreement or this Act, he or she is liable to the limited partnership for a period of one year thereafter for the amount of the returned contribution, but only to the extent necessary to discharge the limited partnership's liabilities to creditors who extended credit to the limited partnership during the period the contribution was held by the partnership.

(b) If a partner has received the return of any part of his or

her contribution in violation of the partnership agreement or this Act, he or she is liable to the limited partnership for a period of six years thereafter for the amount of the contribution wrongfully returned.

(c) A partner receives a return of his or her contribution to the extent that a distribution to him or her reduces his or her share of the fair value of the of the fair value of the net assets of the limited partnership below the value, as set forth in the partnership records required to be kept pursuant to Section 105, of his contribution which has not been distributed to him or her.

ARTICLE 7 ASSIGNMENT OF PARTNERSHIP INTEREST

Section 701. Nature of partnership interest. A partnership interest is personal property.

/* This has the effect of making it clear that if a partnership has real estate, that it is the limited partnership who owns the real estate, not the limited or general partners. */

Section 702. Assignment of partnership interest. Except as provided in the partnership agreement, a partnership interest is assignable in whole or in part. An assignment of a partnership interest does not dissolve a limited partnership or entitle the assignee to become or to exercise any rights of a partner. An assignment entitled the assignee to receive, to the extent assigned, only the distribution to which the assignor would be entitled. Except as provided in the partnership agreement, a partner ceases to be a partner upon assignment of all his [or her] partnership interest.

/* The key phrase in this section is "except as provided in the partnership agreement," which means that the limited partnership agreement could forbid any transfer, or make all interests transferable. In cases where the limited partnership agreement does not specify, only the right to receive income (or losses) can be transferred by a limited partner. */

Section 703. Rights of creditor.- On application to a court of competent jurisdiction by any judgment creditor of a partner, the court may charge the partnership interest of the partner with payment of the unsatisfied partnership interest. This Act does not deprive any partner of any exemption law applicable to his [or her] partnership interest.

/* This is the same rule as in general partnerships. Creditors of a partner do not get to levy [sell through judicial process] the partnerships property. They do however have the right to the partner's income and capital contribution. */

Section 704. Right of Assignee to become Limited Partner.

(a) An assignee of a partnership interest, including an assignee of a general partner, may become a limited partner if

and to the extent that (i) the assignor gives the assignee that right in accordance with authority described in the partnership agreement, or (ii) all other partners consent.

(b) An assignee who has become a limited partner has, to the extent assigned, the rights and powers, and is subject to the restrictions and liabilities, of a limited partner under the partnership agreement and this Act. An assignee who becomes a limited partner also is liable for the obligations of his or her assignor to make and return contributions as provided in Articles 5 and 6. However, the assignee is not obligated for liabilities unknown to the assignee at the time he or she became a limited partner.

/* Thus, a person getting a limited partnership interest can get the "right" to make further capital contributions. */

(c) If an assignee of a partnership interest becomes a limited partner, the assignor is not released from his or her liability to the limited partnership under sections 207 and 502.

Section 705. Power of estate of Deceased or Incompetent Partner. If a partner who is an individual dies or a court of competent jurisdiction adjudges him or her to be incompetent to manage his or her person or his or her property, the partner's executor, administrator, guardian, conservator, or other legal representative may exercise all of the partner's rights for the purpose of settling his or her estate or administering his or her property, including an power the partner had to give an assignee the right to become a limited partner. If a partner is a corporation, trust, or other entity and is dissolved or terminated, the powers of that partner may be exercised by its legal representative or successor.

ARTICLE 8 DISSOLUTION

Section 801. Nonjudicial Dissolution. A limited partnership is dissolved and its affairs shall be wound up upon the happening of the first to occur of the following:

- (1) at the time specified in the certificate of limited partnership;
- (2) upon the happening of events specified in writing in the limited partnership agreement;
- (3) written consent of all partners;
- (4) an event of withdrawal of a general partner unless at the time there is at least one other general partner and the written provisions of the partnership agreement permit the business of the limited partnership to be carried on by the remaining general partner and that partner does so, by reason of any event of withdrawal, if, within 90 days after withdrawal, all partners agree in writing to continue the business of the limited

partnership, and to the appointment of one or more additional general partners if necessary or desired;

(5) entry of a decree of judicial dissolution under Section 802.

Section 802. Judicial dissolution. On application by or for a partner the [designated court] may decree dissolution of a limited partnership whenever it is not reasonably practicable to carry on the business in conformity with the partnership agreement.

/* This section is similar to those in corporate law which allow a corporation to be dissolved when the governing parties are deadlocked. */

Section 803. Winding Up. Except as provided in the partnership agreement, the general partners who have not wrongfully dissolved a limited partnership, or, if none, the limited partners, may wind up the limited partnership's affairs; but the [appropriate court] may wind up the limited partnership's affairs upon application of any partner, his [or her] legal representative, or assignee.

Section 804. Distribution of Assets. Upon the winding up of a limited partnership, the assets shall be distributed as follows:

(1) to creditors, including partners who are creditors, to the extent permitted by law, in satisfaction of liabilities of the limited partnership, other than liabilities for distribution to partners under Section 601 or 604;

(2) except as provided in the partnership, to partners and former partners in satisfaction of liabilities for distributions under Section 601 or 604; and

(3) except as provided in the partnership agreement, to partners first for the return of their capital contributions and secondly respecting their partnership interests, in the proportions in which the partners share in distributions.

ARTICLE 9 FOREIGN LIMITED PARTNERSHIPS

Section 901. Law Governing. Subject to the Constitution of this State, (i) the laws of the state under a foreign limited partnership is organized govern its organization and internal affairs and the liability of its limited partners, and (ii) a foreign limited partnership may not be denied registration in this state by reasons of any difference between those laws and the laws of this State.

Section 902. Registration. Before transacting business in this State, a foreign limited partnership shall register with the Secretary of State. In order to register, a foreign limited partnership shall submit to the Secretary of State, in duplicate,

an application for registration as a foreign limited partnership signed and sworn to by a general partner and setting forth:

- (1) the name of the foreign limited partnership and, if different, the name under which it proposes to register and transact business in this state;
- (2) the state and date of its formation;
- (3) the name and address of any agent for service of process on the foreign limited partnership whom the foreign limited partnership elects to appoint' the agent must be an individual resident of this state, a domestic corporation, or a foreign corporation having a place of business, and authorized, to do business in this State;
- (4) a statement that the Secretary of State is appointed the agent of the foreign limited partnership for service of process if no agent has been appointed under paragraph (3), or if appointed, the agent's authority has been revoked or if the agent cannot be found or served with the exercise of reasonable diligence;
- (5) the address of the office required to be maintained in the state of its organization by the laws of that state or, if not so required, of the principal office of the foreign limited partnership.
- (6) the name and business address of each general partner;
- (7) the address of the office at which is kept a list of the names and addresses of the limited partners and their capital contributions, together with an undertaking by the foreign limited partnership to keep those records until the foreign limited partnership's registration in this State is canceled or withdrawn.

Section 903. Issuance of registration.

(a) If the Secretary of State finds that an application for registration conforms to law and all requisite fees have been paid, he or she shall:

- (1) endorse on the application the word "Filed", and the month, day and year of the filing thereof;
- (2) file in his or her office a duplicate original of the application; and
- (3) issue a certificate of registration to transact business in this State.

(b) The certificate of registration, together with a duplicate original of the application, shall be returned to the person who filed the application or his [or her] representative.

Section 904. Name. A foreign limited partnership may register with the Secretary of State under any name, whether or not it is the name under which it is registered in its state of organization, that includes without abbreviation the words "limited partnership" and that could be registered by a domestic limited partnership.

Section 905. Changes and Amendments. If any statement in the application for a foreign limited partnership was false when made or any arrangements or other facts described have changed, making the application inaccurate in any respect, the foreign limited partnership shall promptly file in the office of the Secretary of State a certificate, signed and sworn to by a general partner, correcting such statement.

Section 906. Cancellation of Registration. A foreign limited partnership may cancel its registration by filing with the Secretary of State a certificate of cancellation signed and sworn to by a general partner. A cancellation does not terminate the authority of the Secretary of State to accept service of process on the foreign limited partnership with respect to claims for relief arising out of the transaction of business in this State.

Section 907. Transaction of Business without Registration. (a) A foreign limited partnership transacting business in this State may not maintain any action, suit, or proceeding in any court of this State until it has registered with this State.

(b) The failure of a foreign limited partnership to register in this State does not impair the validity of any contract or act of the foreign limited partnership or prevent the foreign limited partnership from defending any action, suit, or proceeding in any court of this State.

(c) A limited partner of a foreign limited partnership is not liable as a general partner of the foreign limited partnership solely by reason of having transacted business in this State without registration.

(d) A foreign limited partnership, by transacting business in this State without registration, appoints the Secretary of State as its agent for service of process with respect to claims for relief arising out of the transaction of business in this State.

Section 908. Action regarding unregistered limited partnerships. The [State officer] may bring an action to restrain a foreign limited partnership from transacting business in this State in violation of this Article.

ARTICLE 10 DERIVATIVE ACTIONS

Section 1001. Right of Action. A limited partner may bring an action in the right of a limited partnership to recover a judgment in its favor if general partners with authority to do so have refused to bring the action or if an effort to cause those

general partners to bring the action is not likely to succeed.

/* This is equivalent to the right of corporate shareholders to bring "derivative actions." Generally, if the management of the limited partnership (the general partners) have wronged the limited partnership, they are not willing to sue themselves. Therefore, this part of the act allows the limited partners to bring these suits themselves. */

Section 1002. Proper plaintiff. In a derivative action, the plaintiff must be a partner at the time of bringing the action and (i) must have been a partner at the time of the transaction of which he or she complains or (ii) his or her status as a partner must have devolved upon him or her by operation of law or pursuant to the terms of the partnership agreement from a person who was a partner at the time of the transaction.

Section 1003. Pleading. In a derivative action, the complaint shall set forth with particularity the effort of the plaintiff to secure initiation of the action by a general partner or the reasons for not making the effort.

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

ARTICLE 11 MISCELLANEOUS

/* This is omitted since it comprises the effective date of the law and other minutiae. */