

961582128

HOUSE BILL NO. 893

House Amendments in [] — February 5, 1996

A BILL to amend and reenact §§ 50-73.75, 50-73.77 and 50-73.78 of the Code of Virginia; to amend the Code of Virginia by adding in Title 50 a chapter numbered 2.2, consisting of sections numbered 50-73.79 through 50-73.149 [; to repeal § 50-74 of the Code of Virginia and to repeal the Virginia Uniform Partnership Act (§ 50-1 et seq.), effective January 1, 2000] , relating to partnerships.

Patrons—Bennett, Clement, Deeds, Diamonstein, Scott and Woodrum

Referred to Committee on Corporations, Insurance and Banking

Be it enacted by the General Assembly of Virginia:

1. That §§ 50-73.75, 50-73.77 and 50-73.78 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Title 50 a chapter numbered 2.2, consisting of sections numbered 50-73.79 through 50-73.149, as follows:

§ 50-73.75. Rules for cases not provided for in this chapter.

In any case not provided for in this chapter the provisions of the Uniform Partnership Act (~~Chapter 1 (§ 50-1 et seq.) of Title 50~~) (~~1996~~) (*Chapter 2.2 (§ 50-73.79 et seq.)*) shall govern.

§ 50-73.77. Transition and savings provisions.

[A.] The repeal of Chapter 2 (§ 50-44 et seq.) of this title shall not impair the continued existence of a limited partnership formed prior to January 1, 1987, ~~or the rights and liabilities of the partners in such a partnership set forth in § 50-65 as it existed prior to repeal.~~

[B. [Repealed.]

C. The provisions of this chapter requiring limited partnerships formed under the laws of this Commonwealth (i) to file a certificate of limited partnership under § 50-73.11, (ii) to maintain a specified office and registered agent as required by § 50-73.4, (iii) to keep certain partnership records at its specified office as required by § 50-73.8, and (iv) to adopt a name which complies with the requirements of § 50-73.2, shall not apply to limited partnerships formed prior to January 1, 1987, under the laws of this Commonwealth until the first to occur of (i) the voluntary filing of a certificate under subsection D of this section or (ii) such time as the limited partnership would have been required to file an amendment to its certificate pursuant to § 50-67 as it existed prior to its repeal.

D. At the time a limited partnership formed prior to January 1, 1987, under the laws of this Commonwealth voluntarily elects to file a certificate under this subsection or is required to file a certificate under this subsection pursuant to the provisions of subsection C of this section, the limited partnership shall file an amended and restated certificate of limited partnership (i) in which it shall adopt a name meeting the requirements of § 50-73.2 and (ii) which shall contain the information required by § 50-73.11, the name under which its certificate of limited partnership, or any amendment thereto, was last filed under the Virginia Uniform Limited Partnership Act (§ 50-44 et seq.) as it existed prior to its repeal, and the counties or cities in which its certificate of limited partnership, or any amendments thereto, had last been filed in the clerk's office of such jurisdictions pursuant to the provisions of the Virginia Uniform Limited Partnership Act as it existed prior to its repeal. The Commission shall forward a copy of the amended and restated certificate to the clerk's office or offices shown in the amended and restated certificate as being the clerk's office or offices in which its certificate of limited partnership, or any amendment thereto, had last been filed pursuant to the provisions of the Virginia Uniform Limited Partnership Act as it existed prior to its repeal.

E. The failure to file an amended and restated certificate in compliance with subsection D of this section shall not impair the continued existence of a limited partnership formed prior to January 1, 1987, or the rights and liabilities of the parties in such a partnership set forth in § 50-66 as it existed prior to repeal, but the general partners of such a partnership shall be liable for any false statements in the partnership's certificate of limited partnership as provided in § 50-73.18.

F. The provisions of § 50-73.7 permitting service of process on a limited partnership's registered agent or the Clerk of the Commission shall not apply to a limited partnership formed under the laws of this Commonwealth prior to January 1, 1987, until such time as the limited partnership files an amended and restated certificate of limited partnership pursuant to subsection D of this section.

G. At the time a limited partnership formed before January 1, 1987, that has not previously filed a certificate of limited partnership under § 50-73.11, would have been required to cancel its certificate pursuant to § 50-67 as it existed before its repeal, the limited partnership shall file with the Commission an amended and restated certificate of limited partnership as described in subsection D of this section and a certificate of cancellation as described in § 50-73.13.]

ENGROSSED

HB893E

60 § 50-73.78. Limited partnership as registered limited liability partnership.

61 A. A limited partnership is a registered limited liability partnership as well as a limited partnership if
62 it:

63 1. Registers as a limited liability partnership as provided in ~~§ 50-43.1~~ § 50-73.132 of the Virginia
64 Uniform Partnership Act (~~§ 50-1 et seq.~~), (~~1996~~) Chapter 2.2 (§ 50-73.79 et seq.), as permitted by its
65 written partnership agreement or, if its written partnership agreement is silent, with the consent of
66 partners required to amend its written partnership agreement; ~~and; provided that initial registration of a~~
67 ~~limited partnership as a limited liability partnership shall be effected by including, in the limited~~
68 ~~partnership's certificate of limited partnership filed under § 50-73.11 or in an amendment to its certificate~~
69 ~~of limited partnership filed under § 50-73.12, the information described in subsection A of § 50-43.1,~~
70 ~~except that no copy of the partnership's certificate filed in accordance with § 50-74 shall be required;~~

71 2. Complies with § 50-43.3; and

72 3. Has as the last words or letters of its name the words "limited partnership," or "a limited
73 partnership," or the abbreviation "L.P.," which words or abbreviation shall be followed by the words
74 "registered limited liability partnership," or the abbreviation "L.L.P." or the designation "LLP."

75 2. Has a name that complies with the requirements of §§ 50-73.2 and 50-73.133.

76 B. In applying ~~§ 50-43.1~~ § 50-73.132 to a limited partnership, all references to partners mean general
77 partners.

78 C. If a limited partnership is a registered limited liability partnership, ~~§ 50-45~~ § 50-73.96 applies to
79 its general partners and to any of its limited partners who, under other provisions of this chapter, are
80 liable for the debts or obligations of the partnership.

81 D. A limited partnership that has registered as a registered limited liability partnership may withdraw
82 such registration by complying with § 50-43.6.

83 CHAPTER 2.2.

84 VIRGINIA UNIFORM PARTNERSHIP ACT.

85 Article 1.

86 General Provisions.

87 § 50-73.79. Definitions.

88 In this article:

89 "Business" includes every trade, occupation, and profession.

90 "Commission" means the State Corporation Commission of Virginia.

91 "Debtor in bankruptcy" means a person who is the subject of:

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

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

95 "Distribution" means a transfer of money or other property from a partnership to a partner in the
96 partner's capacity as a partner or to the partner's transferee.

97 "Foreign registered limited liability partnership" means a limited liability partnership or registered
98 limited liability partnership, or the functional equivalent thereof, formed pursuant to an agreement
99 governed by the laws of any state or jurisdiction other than this Commonwealth and registered as a
100 limited liability partnership under the laws of that state or jurisdiction.

101 "Partnership" means an association of two or more persons to carry on as co-owners a business for
102 profit formed under § 50-73.88, predecessor law, or comparable law of another jurisdiction, and
103 includes, for all purposes of the laws of this Commonwealth, a registered limited liability partnership.

104 "Partnership agreement" means the agreement, whether written, oral, or implied, among the partners
105 concerning the partnership, including amendments to the partnership agreement.

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

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

110 "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability
111 company, association, joint venture, government, governmental subdivision, agency, or instrumentality,
112 or any other legal or commercial entity.

113 "Property" means all property, real, personal, or mixed, tangible or intangible, or any interest
114 therein.

115 "Registered limited liability partnership" means a partnership formed pursuant to an agreement
116 governed by the laws of this Commonwealth and registered under § 50-73.132.

117 "State" means a state of the United States, the District of Columbia, the Commonwealth of Puerto
118 Rico, or any territory or insular possession subject to the jurisdiction of the United States.

119 "Statement" means a statement of partnership authority under § 50-73.93, a statement of denial
120 under § 50-73.94, a statement of dissociation under § 50-73.115, a statement of dissolution under
121 § 50-73.121, a statement of merger under § 50-73.131, a statement of registration as a registered limited

liability partnership under § 50-73.132, a statement of qualification as a foreign registered limited liability partnership under § 50-73.138 or an amendment or cancellation of any of the foregoing.

"Transfer" includes an assignment, conveyance, lease, mortgage, deed, and encumbrance. § 50-73.80. 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 calculated 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.

§ 50-73.81. 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 in § 50-73.83 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 in subsection B of § 50-73.101;

3. Eliminate the obligation of good faith and fair dealing in subsection D of § 50-73.102, 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;

4. Vary the power to dissociate as a partner in subsection A of § 50-73.110, except to require the notice in subdivision 1 of § 50-73.109 to be in writing;

5. Vary the right of a court to expel a partner in the events specified in subdivision 5 of § 50-73.109;

6. Vary the requirement to wind up the partnership business in cases specified in subdivisions 4, 5 or 6 of § 50-73.117;

7. Restrict rights of third parties under this chapter without the consent of those third parties; or

8. Vary the law applicable to registered limited liability partnerships as set forth in subsection B of § 50-73.84.

§ 50-73.82. 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 § 6.1-330-54.

§ 50-73.83. Execution, filing, and recording of statements.

A. A statement may be filed with the Commission. A duly authenticated copy of a statement that is filed in an office in another state may be filed with the Commission. Either filing has the effect provided in this chapter with respect to partnership property located in or transactions that occur in this Commonwealth.

B. A duly authenticated copy of a statement that has been filed with the Commission and recorded in the office for recording transfers of real property has the effect provided for recorded statements in this

chapter. A recorded statement that is not a duly authenticated copy of a statement filed with the Commission does not have the effect provided for recorded statements in this chapter.

C. A statement filed by a partnership shall be executed by at least two partners. Other statements shall 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. The Commission shall charge and collect the following fees:

1. The fee shall be \$100 for any one of the following:

a. For filing a statement of registration as a registered limited liability partnership;

b. For filing a statement of registration as a foreign registered limited liability partnership; or

c. A reinstatement fee for restoration of status pursuant to subdivision F 1 of § 50-73.134.

2. The fee shall be fifty dollars for filing any one of the following:

a. An amendment to a statement of registration as a registered limited liability partnership;

b. An amendment to a statement of registration as a foreign registered limited liability partnership;

or

c. An annual report pursuant to § 50-73.134.

3. For filing any other statement or amendment thereto or cancellation thereof, the fee shall be twenty-five dollars.

The fees paid into the state treasury under this section shall be set aside and paid into the special fund created under § 13.1-775.1, subject to that section.

The court responsible for recording transfers of real property may collect a fee for recording a statement.

G. The Commission may provide forms for statements.

H. Any statement filed with the Commission under this chapter shall be typewritten or printed. The typewritten or printed portion shall be in black. Photocopies, or other reproduced copies, of typewritten or printed statements may be filed. In every case, information in the statement shall be legible and the document shall be capable of being reformatted and reproduced in copies of archival quality. The statement shall be in the English language. A partnership name need not be in English if written in English letters or Arabic or Roman numerals. Any signature on a statement may be a facsimile.

I. The Commission may accept the electronic filing of any information required or permitted to be filed under this chapter and may prescribe the methods of execution, recording, reproduction and certification of electronically filed information.

J. A statement shall be effective at the time of the filing of the statement with the Commission as set forth in this section unless the statement states that it shall become effective at a later time and date specified in the statement. In that event, the statement shall become effective at the earlier of the time and date so specified or 11:59 p.m. on the fifteenth day after the date on which the statement is filed with the Commission.

§ 50-73.84. Law governing internal relations.

A. Except as 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 Commonwealth shall govern relations among the partners and between the partners and the partnership, and the liability of partners for debts, obligations and liabilities chargeable to the partnership, in a partnership that has filed a statement of registration as a registered limited liability partnership in this Commonwealth.

§ 50-73.85. Transactions between partner and partnership.

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.

§ 50-73.86. Partnership subject to amendment or repeal of chapter.

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

Article 2.

Nature of Partnership.

§ 50-73.87. Partnership as entity.

A partnership is an entity distinct from its partners.

§ 50-73.88. 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:

a. Of a debt by installments or otherwise;

b. For services as an independent contractor or of wages or other compensation to an employee;

c. Of rent;

d. Of an annuity or other retirement benefit to a beneficiary, representative, or designee of a deceased or retired partner;

e. 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

f. For the sale of the goodwill of a business or other property by installments or otherwise.

§ 50-73.89. Partnership property.

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

§ 50-73.90. When property is partnership property.

A. Property is partnership property if acquired in the name of:

1. The partnership; or

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

B. Property is acquired in the name of the partnership by a transfer to:

1. The partnership in its name; or

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

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

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

Article 3.

Relations of Partners to Persons Dealing With Partnership.

§ 50-73.91. Partner agent of partnership.

Subject to the effect of a statement of partnership authority under § 50-73.93:

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.

§ 50-73.92. Transfer of partnership property.

A. Partnership property may be transferred as follows:

1. Subject to the effect of a statement of partnership authority under § 50-73.93, partnership property held in the name of the partnership may be transferred by an instrument of transfer executed by a

306 partner in the partnership name.

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

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

315 B. A partnership may recover partnership property from a transferee only if it proves that execution
316 of the instrument of initial transfer did not bind the partnership under § 50-73.91 and:

317 1. As to a subsequent transferee who gave value for property transferred under subdivisions A 1 or
318 A 2, proves that the subsequent transferee knew or had received a notification that the person who
319 executed the instrument of initial transfer lacked authority to bind the partnership; or

320 2. As to a transferee who gave value for property transferred under subdivision A 3, proves that the
321 transferee knew or had received a notification that the property was partnership property and that the
322 person who executed the instrument of initial transfer lacked authority to bind the partnership.

323 C. A partnership may not recover partnership property from a subsequent transferee if the
324 partnership would not have been entitled to recover the property, under subsection B, from any earlier
325 transferee of the property.

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

329 § 50-73.93. Statement of partnership authority.

330 A. A partnership may file a statement of partnership authority, which:

331 1. Shall include:

332 a. The name of the partnership;

333 b. The street address of its chief executive office and of one office in this Commonwealth, if there is
334 one;

335 c. The names and mailing addresses of all of the partners or of an agent appointed and maintained
336 by the partnership for the purpose of subsection B; and

337 d. The names of the partners authorized to execute an instrument transferring real property held in
338 the name of the partnership; and

339 2. May state the authority, or limitations on the authority, of some or all of the partners to enter into
340 other transactions on behalf of the partnership and any other matter.

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

344 C. If a filed statement of partnership authority is executed pursuant to subsection C of § 50-73.83
345 and states the name of the partnership but does not contain all of the other information required by
346 subsection A, the statement nevertheless operates with respect to a person not a partner as provided in
347 subsections D and E.

348 D. Except as otherwise provided in subsection G, a filed statement of partnership authority
349 supplements the authority of a partner to enter into transactions on behalf of the partnership as follows:

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

355 2. A grant of authority to transfer real property held in the name of the partnership contained in a
356 filed statement of partnership authority is conclusive in favor of a person who gives value without
357 knowledge to the contrary, so long as and to the extent that a limitation on that authority is not then of
358 record with the Commission. The filing of a cancellation of a limitation on authority revives the
359 previous grant of authority.

360 E. A person not a partner is deemed to know of a limitation on the authority of a partner to transfer
361 real property held in the name of the partnership if a filed statement containing the limitation on
362 authority is of record with the Commission.

363 F. Except as otherwise provided in subsections D and E and §§ 50-73.115 and 50-73.121, a person
364 not a partner is not deemed to know of a limitation on the authority of a partner merely because the
365 limitation is contained in a filed statement.

366 G. Unless earlier canceled, a filed statement of partnership authority is canceled by operation of law
367 five years after the date on which the statement, or the most recent amendment, was filed with the

Commission.

§ 50-73.94. 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 subsection B of § 50-73.93 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 subsections D and E of § 50-73.93.

§ 50-73.95. 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.

§ 50-73.96. Partner's liability.

A. Except as otherwise provided in subsection B or subsection 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. A person is not, solely by reason of being a partner, liable, directly or indirectly, including by way of indemnification, contribution, assessment or otherwise, for debts, obligations or liabilities of, or chargeable to, the partnership, whether sounding in tort, contract or otherwise, that are incurred, created or assumed by the partnership while the partnership is a registered limited liability partnership.

D. A person is not, solely by reason of being a partner, a proper party to a proceeding by or against a registered limited liability partnership, the object of which is to recover damages, collect the debts or liabilities or enforce the obligations of the partnership with respect to which the partner is not liable under subsection C.

§ 50-73.97. 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, except as provided in § 50-73.96, against any or all of the partners in the same action or in separate actions.

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

D. A judgment creditor of a partner may not levy execution against the assets of the partner to satisfy a judgment based on a claim against the partnership unless:

1. The claim is for a debt, obligation or liability for which the partner is liable as provided in § 50-73.96 and either:

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

b. The partnership is a debtor in bankruptcy;

c. The partner has agreed that the creditor need not exhaust partnership assets; or

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

2. 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 § 50-73.98.

§ 50-73.98. 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.

Article 4.

Relations of Partners to Each Other and to Partnership.

§ 50-73.99. 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; however, no person shall be required as a consequence of the indemnification to make any payment to the extent that the payment would be inconsistent with subsections B and C of § 50-73.96.

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 subsections 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 § 50-73.91.

§ 50-73.100. Distributions in kind.

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

§ 50-73.101. 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.

§ 50-73.102. 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. 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.

§ 50-73.103. 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 that partner's rights under the partnership agreement;

2. Enforce that partner's rights under this chapter, including:

a. That partner's rights under §§ 50-73.99, 50-73.101, or 50-73.102;

b. That partner's right on dissociation to have the partner's interest in the partnership purchased pursuant to § 50-73.112 or enforce any other right under Article 6 or Article 7; or

c. That partner's right to compel a dissolution and winding up of the partnership business under § 50-73.117 or enforce any other right under Article 8; or

3. Enforce the rights and otherwise protect the interests of that 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.

§ 50-73.104. Continuation of partnership beyond definite term or particular undertaking.

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

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

Article 5.

Transferees and Creditors of Partner.

§ 50-73.105. 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.

§ 50-73.106. 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.

§ 50-73.107. 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

552 partnership business; and

553 3. Does not, as against the other partners or the partnership, entitle the transferee, during the
554 continuance of the partnership, to participate in the management or conduct of the partnership business,
555 to require access to information concerning partnership transactions, or to inspect or copy the
556 partnership books or records.

557 B. A transferee of a partner's transferable interest in the partnership has a right:

558 1. To receive, in accordance with the transfer, distributions to which the transferor would otherwise
559 be entitled;

560 2. To receive upon the dissolution and winding up of the partnership business, in accordance with
561 the transfer, the net amount otherwise distributable to the transferor; and

562 3. To seek under subdivision 6 of § 50-73.117 a judicial determination that it is equitable to wind up
563 the partnership business.

564 C. In a dissolution and winding up, a transferee is entitled to an account of partnership transactions
565 only from the date of the latest account agreed to by all of the partners.

566 D. Upon transfer, the transferor retains the rights and duties of a partner other than the interest in
567 distributions transferred.

568 E. A partnership need not give effect to a transferee's rights under this section until it has notice of
569 the transfer.

570 F. A transfer of a partner's transferable interest in the partnership in violation of a restriction or
571 prohibition on transfer contained in the partnership agreement is ineffective as to a person having
572 notice of the restriction at the time of transfer.

573 § 50-73.108. Partner's transferable interest subject to charging order.

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

579 B. A charging order constitutes a lien on the judgment debtor's transferable interest in the
580 partnership. The court may order a foreclosure of the interest subject to the charging order at any time.
581 The purchaser at the foreclosure sale has the rights of a transferee.

582 C. At any time before foreclosure, an interest charged may be redeemed:

583 1. By the judgment debtor;

584 2. With property other than partnership property, by one or more of the other partners; or

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

587 D. This chapter does not deprive a partner of a right under exemption laws with respect to the
588 partner's interest in the partnership.

589 E. This section provides the exclusive remedy by which a judgment creditor of a partner or partner's
590 transferee may satisfy a judgment out of the judgment debtor's transferable interest in the partnership.

591 Article 6.

592 Partner's Dissociation.

593 § 50-73.109. Events causing partner's dissociation.

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

595 1. The partnership's having notice of the partner's express will to withdraw as a partner on a later
596 date specified by the partner in the notice or, if no later date is specified, the date of notice;

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

598 3. The partner's expulsion pursuant to the partnership agreement;

599 4. The partner's expulsion by the unanimous vote of the other partners if:

600 a. It is unlawful to carry on the partnership business with that partner; or

601 b. There has been a transfer of all or substantially all of that partner's transferable interest in the
602 partnership, other than a transfer for security purposes or a court order charging the partner's interest
603 which, in either case has not been foreclosed.

604 5. On application by the partnership or another partner, the partner's expulsion by judicial
605 determination because:

606 a. The partner engaged in wrongful conduct that adversely and materially affected the partnership
607 business;

608 b. The partner willfully or persistently committed a material breach of the partnership agreement or
609 of a duty owed to the partnership or the other partners under § 50-73.102; or

610 c. The partner engaged in conduct relating to the partnership business which makes it not
611 reasonably practicable to carry on the business in partnership with the partner;

612 6. The partner's:

613 a. Becoming a debtor in bankruptcy;

- 614 b. Executing an assignment for the benefit of creditors;
 615 c. Seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidator of
 616 that partner or of all or substantially all of that partner's property; or
 617 d. Failing, within 90 days after the appointment, to have vacated or stayed the appointment of a
 618 trustee, receiver, or liquidator of the partner or of all or substantially all of the partner's property
 619 obtained without the partner's consent or acquiescence, or failing within 90 days after the expiration of
 620 a stay to have the appointment vacated;
- 621 7. In the case of a partner who is an individual:
- 622 a. The partner's death;
- 623 b. The appointment of a guardian, committee or general conservator for the partner; or
- 624 c. A judicial determination that the partner has otherwise become incapable of performing the
 625 partner's duties under the partnership agreement;
- 626 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
 627 trust, distribution of the trust's entire transferable interest in the partnership, but not merely by reason
 628 of the substitution of a successor trustee;
- 629 9. In the case of a partner that is an estate or is acting as a partner by virtue of being a personal
 630 representative of an estate, distribution of the estate's entire transferable interest in the partnership, but
 631 not merely by reason of the substitution of a successor personal representative;
- 632 10. Termination of a partner who is not an individual, partnership, corporation, limited liability
 633 company, trust, or estate;
- 634 11. The expiration of 90 days after the partnership notifies a corporate partner that it will be
 635 expelled because it has filed articles of dissolution or the equivalent, its existence has been terminated
 636 or its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction
 637 of its incorporation, if there is no revocation of the certificate of dissolution or no reinstatement of its
 638 existence, its charter or its right to conduct business; or
- 639 12. A partnership or limited liability company that is a partner has been dissolved and its business is
 640 being wound up.
- 641 § 50-73.110. Partner's power to dissociate; wrongful dissociation.
- 642 A. A partner has the power to dissociate at any time, rightfully or wrongfully, by express will
 643 pursuant to subdivision 1 of § 50-73.109.
- 644 B. A partner's dissociation is wrongful only if:
- 645 1. It is in breach of an express provision of the partnership agreement; or
- 646 2. In the case of a partnership for a definite term or particular undertaking, before the expiration of
 647 the term or the completion of the undertaking:
- 648 a. The partner withdraws by express will, unless the withdrawal follows within 90 days after another
 649 partner's dissociation by death or otherwise under subdivisions 6 through 10 and 12 of § 50-73.109 or
 650 wrongful dissociation under this subsection;
- 651 b. The partner is expelled by judicial determination under subdivision 5 of § 50-73.109;
- 652 c. The partner is dissociated under subdivision 6 of § 50-73.109; or
- 653 d. In the case of a partner who is not an individual, trust other than a business trust, or estate, the
 654 partner is expelled or otherwise dissociated because it willfully dissolved or terminated.
- 655 C. A partner who wrongfully dissociates is liable to the partnership and to the other partners for
 656 damages caused by the dissociation. The liability is in addition to any other obligation of the partner to
 657 the partnership or to the other partners.
- 658 § 50-73.111. Effect of partner's dissociation.
- 659 A. If a partner's dissociation results in a dissolution and winding up of the partnership business,
 660 Article 8 applies; otherwise, Article 7 applies.
- 661 B. Upon a partner's dissociation:
- 662 1. The partner's right to participate in the management and conduct of the partnership business
 663 terminates, except as otherwise provided in § 50-73.119;
- 664 2. The partner's duty of loyalty under subdivision B 3 of § 50-73.102 terminates; and
- 665 3. The partner's duty of loyalty under subdivisions B 1 and B 2 of § 50-73.102 and duty of care
 666 under subsection C of § 50-73.102 continue only with regard to matters arising and events occurring
 667 before the partner's dissociation, unless the partner participates in winding up the partnership's business
 668 pursuant to § 50-73.119.

Article 7.

Partner's Dissociation When Business Not Wound Up.

- 671 § 50-73.112. Purchase of dissociated partner's interest.
- 672 A. If a partner is dissociated from a partnership without resulting in a dissolution and winding up of
 673 the partnership business under § 50-73.117, the partnership shall cause the dissociated partner's interest
 674 in the partnership to be purchased for a buyout price determined pursuant to subsection B.

675 B. The buyout price of a dissociated partner's interest is the amount that would have been
676 distributable to the dissociating partner under subsection B of § 50-73.123 if, on the date of
677 dissociation, the assets of the partnership were sold at a price equal to the greater of the liquidation
678 value or the value based on a sale of the entire business as a going concern without the dissociated
679 partner and the partnership were wound up as of that date. Interest shall be paid from the date of
680 dissociation to the date of payment.

681 C. Damages for wrongful dissociation under subsection B of § 50-73.110, and all other amounts
682 owing, whether or not presently due, from the dissociated partner to the partnership, shall be offset
683 against the buyout price. Interest shall be paid from the date the amount owed becomes due to the date
684 of payment.

685 D. A partnership shall indemnify a dissociated partner whose interest is being purchased against all
686 partnership liabilities, whether incurred before or after the dissociation, except liabilities incurred by an
687 act of the dissociated partner under § 50-73.113.

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

692 F. If a deferred payment is authorized under subsection H, the partnership may tender a written offer
693 to pay the amount it estimates to be the buyout price and accrued interest, reduced by any offsets under
694 subsection C, stating the time of payment, the amount and type of security for payment, and the other
695 terms and conditions of the obligation.

696 G. The payment or tender required by subsection E or subsection F shall be accompanied by the
697 following:

- 698 1. A statement of partnership assets and liabilities as of the date of dissociation;
- 699 2. The latest available partnership balance sheet and income statement, if any;
- 700 3. An explanation of how the estimated amount of the payment was calculated; and
- 701 4. Written notice that the payment is in full satisfaction of the obligation to purchase unless, within
702 120 days after the written notice, the dissociated partner commences an action to determine the buyout
703 price, any offsets under subsection C, or other terms of the obligation to purchase.

704 H. A partner who wrongfully dissociates before the expiration of a definite term or the completion of
705 a particular undertaking is not entitled to payment of any portion of the buyout price until the
706 expiration of the term or completion of the undertaking, unless the partner establishes to the satisfaction
707 of the court that earlier payment will not cause undue hardship to the business of the partnership. A
708 deferred payment shall bear interest and, to the extent it would not cause undue hardship to the
709 partnership, be adequately secured.

710 I. A dissociated partner may maintain an action against the partnership, pursuant to subdivision B 2
711 a of § 50-73.103, to determine the buyout price of that partner's interest, any offsets under subsection C,
712 or other terms of the obligation to purchase. The action shall be commenced within 120 days after the
713 partnership has tendered payment or an offer to pay or within one year after written demand for
714 payment if no payment or offer to pay is tendered. The court shall determine the buyout price of the
715 dissociated partner's interest, any offset due under subsection C, and accrued interest, and enter
716 judgment for any additional payment or refund. If deferred payment is authorized under subsection H,
717 the court shall also determine the security for payment and other terms of the obligation to purchase.
718 The court may assess reasonable attorney's fees and the fees and expenses of appraisers or other
719 experts for a party to the action, in amounts the court finds equitable, against a party that the court
720 finds acted arbitrarily, vexatiously, or not in good faith. The finding may be based on the partnership's
721 failure to tender payment or an offer to pay or to comply with subsection G.

722 § 50-73.113. Dissociated partner's power to bind partnership.

723 A. For one year after a partner dissociates without resulting in a dissolution and winding up of the
724 partnership business, the partnership, including a surviving partnership under Article 9, is bound by an
725 act of the dissociated partner which would have bound the partnership under § 50-73.91 before
726 dissociation only if at the time of entering into the transaction the other party:

- 727 1. Reasonably believed that the dissociated partner was then a partner;
- 728 2. Did not have notice of the partner's dissociation; and
- 729 3. Is not deemed to have had knowledge under subsection E of § 50-73.93 or notice under subsection
730 C of § 50-73.115.

731 B. A dissociated partner is liable to the partnership for any damage caused to the partnership
732 arising from an obligation incurred by the dissociated partner after dissociation for which the
733 partnership is liable under subsection A.

734 § 50-73.114. Dissociated partner's liability to other persons.

735 A. A partner's dissociation does not of itself discharge the partner's liability for a partnership
736 obligation incurred before dissociation. A dissociated partner is not liable for a partnership obligation

incurred after dissociation, except as otherwise provided in subsection B.

B. A partner who dissociates without resulting in a dissolution and winding up of the partnership business is liable as a partner to the other party in a transaction entered into by the partnership, or a surviving partnership under Article 9, within one year after the partner's dissociation, only if the obligation is one for which he would be liable under § 50-73.96 if he were a partner 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 subsection E of § 50-73.93 or notice under subsection C of § 50-73.115.

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.

§ 50-73.115. 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 subsections D and E of § 50-73.93.

C. For the purposes of subdivision A 3 of § 50-73.113 and subdivision B 3 of § 50-73.114, a person not a partner is deemed to have notice of the dissociation 90 days after the statement of dissociation is filed.

§ 50-73.116. Continued use of partnership name.

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

Article 8.

Winding Up Partnership Business.

§ 50-73.117. Events causing dissolution and winding up of partnership business.

A partnership is dissolved, and its business shall 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 subdivisions 2 through 12 of § 50-73.109, of that partner's express will to withdraw as a partner, on a later date specified by the partner in the notice or, if no later date is specified, the date of notice;

2. In a partnership for a definite term or particular undertaking:

a. The expiration of 90 days after a partner's dissociation by death or otherwise under subdivisions 6 through 12 of § 50-73.109 or wrongful dissociation under subsection B of § 50-73.110, unless before that time a majority in interest of the remaining partners, including partners who have rightfully dissociated pursuant to subdivision B 2 a of § 50-73.110, agree to continue the partnership;

b. The express will of all of the partners to wind up the partnership business; or

c. The expiration of the term or the completion of the undertaking;

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

4. An event that makes it unlawful for all or substantially all of the business of the partnership to be continued, but a cure of illegality within 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:

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

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

c. 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:

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

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

798 § 50-73.118. *Partnership continues after dissolution.*

799 A. Subject to subsection B, a partnership continues after dissolution only for the purpose of winding
800 up its business. The partnership is terminated when the winding up of its business is completed.

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

805 1. The partnership resumes carrying on its business as if dissolution had never occurred, and any
806 liability incurred by the partnership or a partner after the dissolution and before the waiver is
807 determined as if dissolution had never occurred; and

808 2. The rights of a third party accruing under subdivision 1 of § 50-73.120 or arising out of conduct
809 in reliance on the dissolution before the third party knew or received a notification of the waiver may
810 not be adversely affected.

811 § 50-73.119. *Right to wind up partnership business.*

812 A. After dissolution, a partner who has not wrongfully dissociated may participate in winding up the
813 partnership's business, but on application of any partner, partner's legal representative, or transferee,
814 the circuit court, for good cause shown, may order judicial supervision of the winding up.

815 B. The legal representative of the last surviving partner may wind up a partnership's business.

816 C. A person winding up a partnership's business may preserve the partnership business or property
817 as a going concern for a reasonable time, prosecute and defend actions and proceedings, whether civil,
818 criminal, or administrative, settle and close the partnership's business, dispose of and transfer the
819 partnership's property, discharge the partnership's liabilities, distribute the assets of the partnership
820 pursuant to § 50-73.123, settle disputes by mediation or arbitration, and perform other necessary acts.

821 § 50-73.120. *Partner's power to bind partnership after dissolution.*

822 Subject to § 50-73.121, a partnership is bound by a partner's act after dissolution that:

823 1. Is appropriate for winding up the partnership business; or

824 2. Would have bound the partnership under § 50-73.91 before dissolution, if the other party to the
825 transaction did not have notice of the dissolution.

826 § 50-73.121. *Statement of dissolution.*

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

830 B. A statement of dissolution cancels a filed statement of partnership authority for the purposes of
831 subsection D of § 50-73.93 and is a limitation on authority for the purposes of subsection E of
832 § 50-73.93.

833 C. For the purposes of §§ 50-73.91 and 50-73.120, a person not a partner is deemed to have notice
834 of the dissolution and the limitation on the partners' authority as a result of the statement of dissolution
835 90 days after it is filed.

836 D. After filing and, if appropriate, recording a statement of dissolution, a dissolved partnership may
837 file and, if appropriate, record a statement of partnership authority which will operate with respect to a
838 person not a partner as provided in subsections D and E of § 50-73.93 in any transaction, whether or
839 not the transaction is appropriate for winding up the partnership business.

840 § 50-73.122. *Partner's liability to other partners after dissolution.*

841 A. Except as otherwise provided in subsection B of this section or in subsection C of § 50-73.96,
842 after dissolution a partner is liable to the other partners for the partner's share of any partnership
843 liability incurred under § 50-73.120.

844 B. A partner who, with knowledge of the dissolution, causes the partnership to incur a liability under
845 subdivision 2 of § 50-73.120 by an act that is not appropriate for winding up the partnership business is
846 liable to the partnership for any damage caused to the partnership arising from the liability.

847 § 50-73.123. *Settlement of accounts and contributions among partners.*

848 A. In winding up a partnership's business, the assets of the partnership, including the contributions
849 of the partners required by this section, shall be applied to discharge its obligations to creditors,
850 including, to the extent permitted by law, partners who are creditors. Any surplus shall be applied to
851 pay in cash the net amount distributable to partners in accordance with their right to distributions
852 under subsection B.

853 B. Each partner is entitled to a settlement of all partnership accounts upon winding up the
854 partnership business. In settling accounts among the partners, the profits and losses that result from the
855 liquidation of the partnership assets shall be credited and charged to the partners' accounts. The
856 partnership shall make a distribution to a partner in an amount equal to any excess of the credits over
857 the charges in the partner's account. A partner shall contribute to the partnership an amount equal to
858 any excess of the charges over the credits in the partner's account that is attributable to an obligation
859 for which the partner is liable under § 50-73.96.

C. If a partner fails or is not obligated to contribute, each other partner shall contribute, in the proportion in which that partner shares partnership losses, the additional amount necessary to satisfy any partnership obligations for which the partner is liable under § 50-73.96.

D. A partner or partner's legal representative may recover from the other partners any contributions on account of obligations for which the other partners are liable under § 50-73.96 that the partner or legal representative makes to the extent the amount contributed exceeds that partner's share of the partnership obligations for which the partner or legal representative is personally liable under § 50-73.96.

E. 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 for which the partner is liable under § 50-73.96 and that were not known at the time of the settlement.

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

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

Article 9. Conversions and Mergers.

§ 50-73.124. Definitions.

In this article:

"General partner" means a partner in a partnership and a general partner in a limited partnership.

"Limited partner" means a limited partner in a limited partnership.

"Limited partnership" means a limited partnership created under the Virginia Revised Uniform Limited Partnership Act, predecessor law, or comparable law of another jurisdiction.

"Partner" includes both a general partner and a limited partner.

§ 50-73.125. Conversion of partnership to limited partnership.

A. A partnership may be converted to a limited partnership pursuant to this section and in accordance with § 50-73.112.

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

C. After the conversion is approved by the partners, the partnership shall file a certificate of limited partnership in the jurisdiction in which the limited partnership is to be formed. The certificate shall include:

1. A statement that the partnership was converted to a limited partnership from a partnership;

2. Its former name; and

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

D. The conversion takes effect when the certificate of limited partnership is filed unless the certificate states that it shall become effective at a later time and date specified in the certificate. In that event, the statement shall become effective at the earlier of the time and date so specified or 11:59 p.m. on the fifteenth day after the date on which the statement is filed with the Commission.

E. A general partner who becomes a limited partner as a result of the conversion remains liable as a general partner for an obligation which is incurred by the partnership before the conversion takes effect. If the other party to a transaction with the limited partnership reasonably believes when entering the transaction that the limited partner is a general partner, the limited partner is liable for an obligation incurred by the limited partnership within 90 days after the conversion takes effect. The limited partner's liability for all other obligations of the limited partnership incurred after the conversion takes effect is that of a limited partner as provided in Chapter 2.1 (§ 50-73.1 et seq.) of this title.

§ 50-73.126. Conversion of limited partnership to partnership.

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

B. Notwithstanding a provision to the contrary in a limited partnership agreement, the terms and conditions of a conversion of a limited partnership to a partnership shall be approved by all of the partners.

C. After the conversion is approved by the partners, the limited partnership shall cancel its certificate of limited partnership.

D. The conversion takes effect when the certificate of limited partnership is canceled.

E. A limited partner who becomes a general partner as a result of the conversion remains liable only as a limited partner for an obligation incurred by the limited partnership before the conversion takes

921 effect. Subject to § 50-73.96, the partner is liable as a general partner for an obligation of the
922 partnership incurred after the conversion takes effect.

923 § 50-73.127. Effect of conversion; entity unchanged.

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

926 B. When a conversion takes effect:

927 1. All property owned by the converting partnership or limited partnership remains vested in the
928 converted entity;

929 2. All obligations of the converting partnership or limited partnership continue as obligations of the
930 converted entity; and

931 3. An action or proceeding pending against the converting partnership or limited partnership may be
932 continued as if the conversion had not occurred.

933 § 50-73.128. Merger of partnerships.

934 A. Pursuant to a written plan of merger approved as provided in subsection C, a partnership may be
935 merged with one or more domestic or foreign partnerships, limited partnerships, limited liability
936 companies or corporations if:

937 1. The merger is not prohibited by the partnership agreement of any domestic partnership that is a
938 party to the merger, and each domestic partnership party to the merger approves the plan of merger in
939 accordance with subsection C of this section and complies with the terms of its partnership agreement;

940 2. Each domestic limited partnership that is a party to the merger complies with the applicable
941 provisions of Article 7.1 (§ 50-73.48:1 et seq.) of Chapter 2.1 of Title 50;

942 3. Each domestic limited liability company that is a party to the merger complies with the applicable
943 provisions of Article 13 (§ 13.1-1070 et seq.) of Chapter 12 of Title 13.1;

944 4. Each domestic corporation that is a party to the merger complies with the applicable provisions of
945 Article 12 (§ 13.1-716 et seq.) of Chapter 9 or Article 11 (§ 13.1-894 et seq.) of Chapter 10 of Title
946 13.1; and

947 5. The merger is permitted by the laws under which each foreign limited liability company, foreign
948 partnership, foreign limited partnership and foreign corporation party to the merger is organized,
949 formed or incorporated, and each such foreign limited liability company, partnership, limited
950 partnership or corporation complies with those laws in effecting the merger.

951 B. The plan of merger shall set forth:

952 1. The name of each partnership, limited partnership, limited liability company or corporation that is
953 a party to the merger;

954 2. The name of the surviving entity into which the other partnerships, limited partnerships, limited
955 liability companies or corporations will merge;

956 3. Whether the surviving entity is a partnership, a limited partnership, a limited liability company or
957 a corporation and the status of each partner;

958 4. The terms and conditions of the merger;

959 5. The manner and basis of converting the interests of each party to the merger into interests or
960 obligations of the surviving entity, or into money or other property in whole or part; and

961 6. The street address of the surviving entity's chief executive office.

962 C. The plan of merger shall be approved:

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

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

969 D. After a plan of merger is approved and before the merger takes effect, the plan may be amended
970 or abandoned as provided in the plan.

971 E. The merger takes effect on the later of:

972 1. The approval of the plan of merger by all parties to the merger, as provided in subsection C;

973 2. The filing of all documents required by law to be filed as a condition to the effectiveness of the
974 merger; or

975 3. Any later effective date stated pursuant to subsection J of § 50-73.85 in a statement of merger
976 filed pursuant to § 50-73.131 or, if no statement of merger is filed, any effective date specified in the
977 plan of merger.

978 § 50-73.129. Effect of merger.

979 A. When a merger takes effect:

980 1. The separate existence of every partnership or limited partnership that is a party to the merger,
981 other than the surviving entity, ceases;

982 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 clerk of the Commission is the agent for service of process in an action or proceeding against a surviving foreign partnership, limited partnership, limited liability company or corporation to enforce an obligation of a domestic partnership or limited partnership that is a party to a merger. The surviving entity shall promptly file with the Commission the mailing address of its chief executive office and of any change of address. Service on the surviving foreign partnership or limited partnership shall be made on the clerk of the Commission in accordance with § 12.1-19.1.

C. Subject to § 50-73.96, a partner of the surviving partnership or limited partnership is liable for:

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

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

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

D. If the obligations incurred before the merger by a party to the merger are not satisfied out of the property of the surviving partnership or limited partnership, the general partners of that party immediately before the effective date of the merger shall contribute the amount necessary to satisfy that party's obligations to the surviving entity, as provided in § 50-73.123 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 § 50-73.112 or another statute specifically applicable to that partner's interest with respect to a merger. The surviving entity is bound under § 50-73.113 by an act of a general partner dissociated under this subsection, and the partner is liable under § 50-73.114 for transactions entered into by the surviving entity after the merger takes effect.

§ 50-73.130. Property title records.

A. Whenever by (i) amendment to the certificate of limited partnership pursuant to § 50-73.13, (ii) certificate of correction of the application for registration of a foreign limited partnership pursuant to § 50-73.58, (iii) conversion of a general partnership to limited partnership form pursuant to §§ 50-73.125 and 50-73.112, or (iv) conversion of a limited partnership to general partnership form pursuant to § 50-73.126, the name of any domestic or foreign limited partnership is changed, a general partnership is converted to limited partnership form, or a limited partnership is converted to general partnership form, the clerk of the Commission, upon request, shall issue a certificate that recites the change of name or conversion. The certificate may be admitted to record in any court's recording office within the jurisdiction of which any real estate of the partnership or limited partnership is located in order to maintain the continuity of title records. The person filing the certificate shall pay the fee of the clerk of the court, but no tax shall be due thereon.

B. Whenever by merger of a domestic or foreign general or limited partnership with one or more domestic or foreign general or limited partnerships or limited liability companies or corporations pursuant to Article 7.1 of Chapter 2.1 or Article 9 of this chapter or to the laws of a foreign jurisdiction, a domestic or foreign partnership or limited partnership succeeds to the ownership of or any interest in real estate, and when the domestic or foreign partnership or limited partnership furnishes the Commission with a certificate of merger issued by the Commission or a similar certificate issued by any competent authority of the jurisdiction under which any such foreign partnership or limited partnership is formed, the clerk of the Commission, upon request, shall issue a certificate that recites the succession to ownership of or interest in real estate. The certificate may be admitted to record in any court's recording office within the jurisdiction of which any such real estate of the general partnership or limited partnership is located in order to maintain the continuity of title records. The person filing the certificate shall pay the fee of the clerk of the court, but no tax shall be due thereon.

§ 50-73.131. Statement of merger.

A. After a merger, the surviving partnership or limited partnership may file a statement that one or more partnerships or limited partnerships have merged into the surviving entity; but if a partnership or limited partnership that is a party to the merger has, before the effective date of the merger, filed a statement or certificate with the Commission under this title, a statement of merger shall be filed.

B. A statement of merger shall contain:

1. The name of each partnership or limited partnership that is a party to the merger;

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

3. The street address of the surviving entity's chief executive office and of an office in this Commonwealth, 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 § 50-73.92, 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 § 50-73.92, real property of the surviving partnership or limited partnership which before the merger was held in the name of another party to the merger is property held in the name of the surviving entity upon recording a certified copy of the statement of merger in the office for recording transfers of that real property.

E. A filed and, if appropriate, recorded statement of merger, executed and declared to be accurate pursuant to subsection C of § 50-73.85, 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.

Article 9.1.

Registered Limited Liability Partnerships.

§ 50-73.132. Registered limited liability partnerships.

A. To become a registered limited liability partnership, a partnership shall file with the Commission a statement of registration as a registered limited liability partnership stating: the name of the partnership; the address of its principal office (which may, but need not be, located within the Commonwealth); the post office address, including the street and number, if any, of its initial registered office; the name of the city or county in which the registered office is located; the name of its initial registered agent at that office and that the agent is either (i) an individual who is a resident of Virginia and is either a general partner of the registered limited liability partnership, an officer or director of a corporate general partner of the registered limited liability partnership, a general partner of a general partner of the registered limited liability partnership, a member or manager of the limited liability company that is a general partner of the registered limited liability partnership, or a member of the Virginia State Bar or (ii) a professional corporation, professional limited liability company, or limited liability partnership registered under § 54.1-3902; any other matters that the partnership determines to include; and that the partnership thereby applies for status as a registered limited liability partnership. A partnership becomes a registered limited liability partnership at the time of the filing of the initial statement of registration with the Commission or at any later date or time specified in the statement of registration as provided in subsection J of § 50-73.83.

B. The Commission shall register as a registered limited liability partnership any partnership that submits a completed statement of registration with the required fee.

C. The registration of a partnership as a registered limited liability partnership shall be approved by the partners in the manner provided in the partnership's partnership agreement for amendments to the partnership agreement or, if no provision is made in the partnership agreement, by all of the partners.

D. A partnership that has registered shall continue to be a registered limited liability partnership until:

1. Registration statement is revoked pursuant to subsection D of § 50-73.134; or

2. The partnership or limited partnership files with the Commission a statement of cancellation of registration under § 50-73.137.

E. A partnership that has been registered as a registered limited liability partnership under this chapter is, for all purposes, the same entity that existed before it registered.

§ 50-73.133. Name of registered limited liability partnership.

The name of a registered limited liability partnership shall contain the words "Registered Limited Liability Partnership" or "Limited Liability Partnership", or the abbreviation "R.L.L.P." or "L.L.P." or the designation "RLLP" or "LLP" as the last words or letters of its name.

§ 50-73.134. Registered limited liability partnership annual reports.

A. On or before July 1 of each year, each registered limited liability partnership and each foreign registered limited liability partnership authorized to transact business in this Commonwealth shall file an annual report with the Commission setting forth the name of the partnership, the partnership's current principal office address and, if a foreign registered limited liability partnership, the jurisdiction in which it is registered as a registered limited liability partnership.

B. The information required shall be given as of the date of the execution of the report, and it shall

be executed by a partner in the registered limited liability partnership or foreign registered limited liability partnership or, if a receiver or trustee has been appointed for the partnership, by the receiver or trustee on behalf of the registered limited liability partnership or foreign registered limited liability partnership. The report shall be accompanied by the fee prescribed in subdivision F 2 of § 50-73.83.

C. If the Commission finds that a report conforms to the requirements of this chapter and the required fee has been paid, the Commission shall file the report, or, upon finding that it does not conform, shall promptly return it to the registered limited liability partnership for any necessary corrections. If the report was timely delivered to the Commission pursuant to subsection A of this section, is corrected to conform to the requirements of this chapter, and is returned to the Commission no later than thirty days after the date the report was mailed to the registered limited liability partnership or foreign registered limited liability partnership, subsection D of this section shall not apply.

D. If any registered limited liability partnership or foreign registered limited liability partnership has failed to pay the fee or to file any report required by this section, the Commission shall give notice by first-class mail to the partnership of the failure. Thirty days after the date of mailing of the notice, unless the report and the fee have been delivered and paid to the Commission, the statement of registration of the partnership shall be automatically revoked and the partnership shall automatically cease to be a registered limited liability partnership or foreign registered limited liability partnership but shall continue to be a partnership or limited partnership, as the case may be, under this title.

E. Any registered limited liability partnership that has ceased to be a registered limited liability partnership under subsection D shall not be considered to have dissolved as a result of ceasing to be a registered limited liability partnership.

F. A registered limited liability partnership or foreign registered limited liability partnership that has ceased to be a registered limited liability partnership or a foreign registered limited liability partnership, as the case may be, under subsection D may restore its status as such by taking some or all of the following steps, as applicable:

1. Paying a reinstatement fee prescribed in subdivision F 1 of § 50-73.83;
2. Making and delivering a report and paying the fee due upon filing the report for the year in which it is to be reinstated; and
3. Paying an amount equal to the fee charged and collected for filing of reports for registered limited liability partnerships for each year a required report was not filed.

G. A registered limited liability partnership or foreign registered limited liability partnership that has ceased to be a registered limited liability partnership or foreign registered limited liability partnership under this section that restores its status as a registered limited liability partnership or foreign registered limited liability partnership within two years after the date on which its status as such has ceased shall be deemed not to have lost its status as a registered limited liability partnership or foreign registered limited liability partnership under this section.

§ 50-73.135. Registered office and registered agent.

A. Each registered limited liability partnership and each foreign registered limited liability partnership registered pursuant to this article shall continuously maintain in this Commonwealth:

1. A registered office that may be the same as any of its places of business; and
2. A registered agent who shall be either:
 - a. An individual who is a resident of this Commonwealth and is either a general partner of the registered limited liability partnership, an officer or director of a corporate general partner of the registered limited liability partnership, a general partner of a general partner of the registered limited liability partnership, a member or manager of a limited liability company that is a general partner of the registered limited liability partnership, or a member of the Virginia State Bar, and whose business office is identical with the registered office; or

b. A professional corporation or professional limited liability company, or limited liability partnership registered under § 54.1-3902, the business office of which is identical with the registered office.

B. The registered agent of a registered limited liability partnership or foreign registered limited liability partnership is the partnership's agent for service of process, notice, or demand required or permitted by law to be served on the partnership. The sole duty of the registered agent is to forward to the registered limited liability partnership or foreign registered limited liability partnership at its last known address any process, notice or demand that is served on the registered agent.

C. A registered limited liability partnership or a foreign registered limited liability partnership may change its registered agent or the address of its registered office, or both, upon filing with the Commission a certificate of change on a form supplied by the Commission that sets forth:

1. The name of the partnership;
2. The address of its current registered office;

3. If the current address of its registered office is to be changed, the post-office address, including the street and number, if any, of the new address of its registered office, and the name of the city or county in which it is located;

4. The name of its current registered agent;

5. If the current registered agent is to be changed, the name of the new registered agent; and

6. That after the change or changes are made, the partnership will be in compliance with the requirements of § 50-73.135.

D. Whenever its registered agent dies, resigns or ceases to satisfy the requirements of subsection A of § 50-73.135, a registered limited liability partnership or foreign registered limited liability partnership shall promptly execute and file with the Commission a certificate of change.

E. If a registered agent changes his business address to another place within this Commonwealth, he shall change his address for any registered limited liability partnership or foreign registered limited liability partnership of which he is a registered agent by filing a certificate of change as required in subsection D, except that it need be signed, either manually or in facsimile, only by the registered agent and shall recite that a copy of the certificate has been mailed to the partnership at its principal office.

F. A registered agent may resign his agency appointment by signing and filing with the Commission a certificate of resignation accompanied by his certification that he has mailed a copy thereof by certified mail to the address of the principal office of the partnership set forth in the statement of registration for the registered limited liability partnership or foreign registered limited liability partnership. The agency appointment is terminated on the thirty-first day after the date on which the certificate was filed.

G. Whenever a registered limited liability partnership or a foreign registered limited liability partnership fails to appoint or maintain a registered agent in this Commonwealth or whenever its registered agent cannot with reasonable diligence be found at his address, the clerk of the Commission shall be the agent of the partnership upon whom service may be made in accordance with § 12.1-19.1.

H. This section does not prescribe the only means, or necessarily the required means, of serving a registered limited liability partnership or a foreign registered limited liability partnership.

§ 50-73.136. Amendment of statement of registration; effect of statement of registration.

A. Notwithstanding the provisions of subsection D or any other provision of this chapter, the status of a partnership as a registered limited liability partnership or a foreign registered limited liability partnership, and the liability of the partners thereof, shall not be affected by (i) errors in the information stated in the statement of registration, if the statement was filed in good faith, or (ii) changes after the filing of a statement of registration in the information stated in the statement.

B. A statement of registration or any amendment thereto may also serve as a statement of partnership authority under § 50-73.93, a statement of denial under § 50-73.94, a statement of dissociation under § 50-73.115, or a statement of dissolution under § 50-73.121 if (i) the title of the statement indicates each purpose for which it is filed and (ii) if the statement of registration otherwise meets the requirements of the particular other statement and, to the extent that it serves as such an other statement, it may be amended, canceled or limited, in accordance with §§ 50-73.93, 50-73.94, 50-73.115 and 50-73.121, but any amendment, cancellation or limitation shall not affect the validity of the statement of registration of the partnership as a registered limited liability partnership, which may be amended only as provided in § 50-73.136 or canceled in accordance with § 50-73.137.

C. The filing of a statement of registration shall be conclusive as to third parties, and it shall be incontestable by third parties that all conditions precedent to registration as a registered limited liability partnership or foreign registered limited liability partnership have been met.

D. A statement of registration for a registered limited liability partnership or foreign limited liability partnership is amended by filing an amendment thereto with the Commission. The amendment shall set forth: the name of the registered limited liability partnership or foreign registered limited liability partnership, the date of filing of the initial statement of registration; in the case of a foreign registered limited liability partnership, the jurisdiction in which it is registered as a limited liability partnership; and the amendment to the statement of registration. An amendment to the statement of registration shall be filed by a registered limited liability partnership or foreign registered limited liability partnership not later than thirty days after (i) a change in the name of the partnership, (ii) a change in the address of the principal office of the partnership, or (iii) the partnership has knowledge that a material statement in the statement of registration was false or inaccurate when made or that any facts described therein have changed, making the statement of registration inaccurate in any material respect. An amendment to the statement of registration may be filed for any other proper purpose. Unless otherwise provided in this chapter or in the amendment to the statement of registration, an amendment to a statement of registration shall be effective at the time of its filing with the Commission.

§ 50-73.137. Cancellation of a registered limited liability partnership.

A. A registered limited liability partnership registered under this chapter may cancel its registration by filing with the Commission a statement of cancellation of registration as a registered limited liability

partnership, which shall set forth:

1. The name of the registered limited liability partnership;
2. The date of filing of the initial statement of registration;
3. The effective date (which shall be a date certain) of cancellation of registration if it is not to be effective on the filing of the statement of cancellation, but any effective date other than the date of filing of the statement of cancellation shall be a date subsequent to the filing; and

4. Any other information the partners determine to include therein.

B. The filing of a statement of cancellation of registration by or on behalf of a partnership pursuant to this section shall be effective only to cancel the partnership's registration as a limited liability partnership, and shall not, unless it specifically so provides, indicate the dissolution of the partnership.

C. Cancellation of the registration of a partnership as a registered limited liability partnership shall require the consent of all of the partners in the partnership at the time the statement of cancellation of registration is filed.

§ 50-73.138. Registration of foreign registered limited liability partnerships.

A. Before transacting business in this Commonwealth, a foreign registered limited liability partnership shall register with the Commission. An applicant for registration as a foreign registered limited liability partnership shall file with the Commission a certificate of status from the filing office in the jurisdiction in which the foreign registered limited liability partnership is registered and a statement of registration as a foreign limited liability partnership setting forth the information described in subsection B.

B. A statement of registration as a foreign registered limited liability partnership shall set forth the following:

1. The name of the foreign registered limited liability partnership and, if different, the name under which it proposes to transact business in this Commonwealth. The name under which a foreign registered limited liability partnership proposes to transact business in this Commonwealth shall comply with § 50-73.133;

2. The jurisdiction in which it is registered as a limited liability partnership and the laws of which govern the agreement pursuant to which it was formed;

3. The address of its principal office;

4. The address of a registered office and the name and address of a registered agent for service of process in this Commonwealth required to be maintained in accordance with § 50-73.135; and

5. That the partnership thereby applies for status as a foreign registered limited liability partnership.

C. The Commission shall register as a foreign registered limited liability partnership any partnership that submits a completed statement of registration with the required fee.

D. Registration as a foreign registered limited liability partnership is effective until:

1. The registration statement is revoked pursuant to subsection D of § 50-73.134; or

2. The partnership files with the Commission a statement of cancellation of registration under § 50-73.139.

§ 50-73.139. Withdrawal of a foreign registered limited liability partnership.

A foreign registered limited liability partnership authorized to transact business in this Commonwealth may withdraw from this Commonwealth by filing with the Commission a statement of cancellation of registration as a foreign registered limited liability partnership that shall set forth:

1. The name of the foreign registered limited liability partnership and the state or other jurisdiction under whose jurisdiction it was registered as a limited liability partnership and the laws of which govern the agreement pursuant to which it was formed;

2. That the foreign registered limited liability partnership is not transacting business in this Commonwealth and that it surrenders its registration to transact business in this Commonwealth;

3. That the foreign registered limited liability partnership revokes the authority of its registered agent in this Commonwealth to accept service of process and appoints the clerk of the Commission as its agent for service of process in any action, suit, or proceeding based upon any cause of action arising during the time the foreign registered limited liability partnership was authorized to transact business in this Commonwealth; and

4. A mailing address to which the clerk of the Commission may mail a copy of any process served on him under subdivision 3.

§ 50-73.140. Effect of failure of foreign registered limited liability partnership to register.

The failure of a foreign registered limited liability partnership to file a statement of registration or to maintain that registration or to appoint and maintain a registered agent in this Commonwealth as required in § 50-73.135 shall not impair the validity of any contract or act of the foreign registered limited liability partnership and shall neither prevent the foreign registered limited liability partnership from defending any action or proceeding in any court of this Commonwealth nor affect the application of the laws of the jurisdiction governing the agreement under which it was formed as provided in

1290 subsection E of § 50-73.141, but the foreign registered limited liability partnership may not maintain
1291 any action or proceeding in any court of this Commonwealth until it has filed an application for
1292 registration. A foreign registered limited liability partnership, by transacting business in this
1293 Commonwealth without registration, appoints the clerk of the Commission as its agent for service of
1294 process with respect to causes of action arising out of the transaction of business in this
1295 Commonwealth. Service on that foreign registered limited liability partnership shall be made on the
1296 clerk of the Commission in accordance with § 12.1-19.1.

1297 § 50-73.141. Applicability of chapter to foreign and interstate commerce.

1298 A. A registered limited liability partnership may conduct its business, carry on its operations, and
1299 have and exercise the powers granted by this chapter in any state, territory, district, or possession of
1300 the United States or in any foreign country.

1301 B. It is the policy of this Commonwealth that registered limited liability partnerships formed pursuant
1302 to agreements governed by the laws of this Commonwealth be recognized outside this Commonwealth
1303 and that the laws of this Commonwealth governing registered limited liability partnerships transacting
1304 business outside this Commonwealth be granted the protection of full faith and credit under the
1305 Constitution of the United States.

1306 C. It is the policy of this Commonwealth that in the case of a registered limited liability partnership
1307 the relations among the partners and between the partners and the partnership, and the liability of
1308 partners for debts, obligations and liabilities chargeable to the partnership, shall be subject to and
1309 governed by the laws of this Commonwealth.

1310 D. Subject to any statutes for the regulation and control of specific types of business, foreign
1311 registered limited liability partnerships may do business in this Commonwealth.

1312 E. It is the policy of this Commonwealth that in the case of a foreign registered limited liability
1313 partnership (whether or not registered under § 50-73.140) the relations among the partners and between
1314 the partners and the partnership, and the liability of partners for debts, obligations and liabilities
1315 chargeable to the partnership, shall be subject to and governed by the laws of the jurisdiction that
1316 govern the agreement under which it was formed.

1317 § 50-73.142. Limited partnerships as registered limited liability partnerships.

1318 A domestic limited partnership may become a registered limited liability limited partnership by
1319 complying with the applicable provisions of the Virginia Revised Uniform Limited Partnership Act.

1320 § 50-73.143. Registration certificate required for registered limited liability partnership engaged in
1321 practice of law.

1322 Before any registered limited liability partnership may engage in the practice of law in this
1323 Commonwealth, it shall first obtain and maintain a registration certificate required for that registered
1324 limited liability partnership by Chapter 39 (§ 54.1-3900 et seq.) of Title 54.1.

1325 Article 10.

1326 Miscellaneous Provisions.

1327 § 50-73.144. Uniformity of application and construction.

1328 This chapter shall be applied and construed to effectuate its general purpose to make uniform the
1329 law with respect to the subject of this chapter among States enacting it.

1330 § 50-73.145. Short title.

1331 This chapter may be cited as the Virginia Uniform Partnership Act (1996).

1332 § 50-73.146. Severability clause.

1333 If any provision of this chapter or its application to any person or circumstance is held invalid, the
1334 invalidity does not affect other provisions or applications of this chapter which can be given effect
1335 without the invalid provision or application, and to this end the provisions of this chapter are severable.

1336 § 50-73.147. Applicability.

1337 A. Before January 1, 2000, this chapter governs only a partnership formed:

1338 1. On and after July 1, 1997, unless that partnership is continuing the business of a dissolved
1339 partnership under § 50-41 of the Uniform Partnership Act as it existed on July 1, 1997; and

1340 2. Before July 1, 1997, that elects, as provided by subsection C, to be governed by this chapter.

1341 B. Effective January 1, 2000, this chapter governs all partnerships.

1342 C. Before January 1, 2000, a partnership voluntarily may elect, in the manner provided in its
1343 partnership agreement or by law for amending the partnership agreement, to be governed by this
1344 chapter. The provisions of this chapter relating to the liability of the partnership's partners to third
1345 parties apply to limit those partners' liability to a third party who had done business with the
1346 partnership within one year preceding the partnership's election to be governed by this chapter, only if
1347 the third party knows or has received a notification of the partnership's election to be governed by this
1348 chapter.

1349 § 50-73.148. Transition.

1350 Before January 1, 2000, a limited partnership voluntarily may elect, in the manner provided in its
1351 partnership agreement or by law for amending the partnership agreement, to be governed by this

1352 chapter. The provisions of this chapter relating to the liability of the partnership's partners to third
1353 parties apply to limit those partners' liability to a third party who had done business with the
1354 partnership within one year preceding the partnership's election to be governed by this chapter, only if
1355 the third party knows or has received a notification of the partnership's election to be governed by this
1356 chapter.

1357 § 50-73.149. Savings clause.

1358 This chapter does not affect an action or proceeding commenced or right accrued before July 1,
1359 1997.

1360 2. That § 50-74 of the Code of Virginia is repealed.

1361 3. That, effective January 1, 2000, the Virginia Uniform Partnership Act is repealed.

1362 4. That the amendments to §§ 50-73.75 and 50-73.78 of this act shall be effective as follows:

1363 (a) effective January 1, 2000, with respect to all limited partnerships; and

1364 (b) before January 1, 2000, only with respect to a limited partnership that (i) is formed on or after
1365 July 1, 1997, or (ii) files a statement of registration as a registered limited liability partnership on
1366 or after July 1, 1997, or (iii) makes an election, as provided by § 50-73.148, to be governed by
1367 §§ 50-73.75 and 50-73.78, as amended by this act.

1368 5. That the provisions of this act shall become effective on July 1, 1997.

ENGROSSED

HB893E