
HOUSE BILL 1067

State of Washington

61st Legislature

2009 Regular Session

By Representatives Pedersen and Rodne; by request of Washington State Bar Association

Prefiled 01/06/09. Read first time 01/12/09. Referred to Committee on Judiciary.

1 AN ACT Relating to the uniform limited partnership act; adding new
2 sections to chapter 25.10 RCW; repealing RCW 25.10.005, 25.10.010,
3 25.10.020, 25.10.030, 25.10.040, 25.10.050, 25.10.060, 25.10.070,
4 25.10.080, 25.10.090, 25.10.100, 25.10.110, 25.10.120, 25.10.130,
5 25.10.140, 25.10.150, 25.10.160, 25.10.170, 25.10.180, 25.10.190,
6 25.10.200, 25.10.210, 25.10.220, 25.10.230, 25.10.240, 25.10.250,
7 25.10.260, 25.10.270, 25.10.280, 25.10.290, 25.10.300, 25.10.310,
8 25.10.320, 25.10.330, 25.10.340, 25.10.350, 25.10.360, 25.10.370,
9 25.10.390, 25.10.400, 25.10.410, 25.10.420, 25.10.430, 25.10.440,
10 25.10.450, 25.10.453, 25.10.455, 25.10.457, 25.10.460, 25.10.470,
11 25.10.480, 25.10.490, 25.10.500, 25.10.510, 25.10.520, 25.10.530,
12 25.10.540, 25.10.550, 25.10.553, 25.10.555, 25.10.560, 25.10.570,
13 25.10.580, 25.10.590, 25.10.600, 25.10.610, 25.10.620, 25.10.630,
14 25.10.640, 25.10.650, 25.10.660, 25.10.670, 25.10.680, 25.10.690,
15 25.10.800, 25.10.810, 25.10.820, 25.10.830, 25.10.840, 25.10.900,
16 25.10.905, 25.10.910, 25.10.915, 25.10.920, 25.10.925, 25.10.930,
17 25.10.935, 25.10.940, 25.10.945, 25.10.950, and 25.10.955; and
18 providing effective dates.

19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

1 partners. "Foreign limited partnership" includes a foreign limited
2 liability limited partnership.

3 (8) "General partner" means:

4 (a) With respect to a limited partnership, a person that:

5 (i) Becomes a general partner under section 401 of this act; or

6 (ii) Was a general partner in a limited partnership when the
7 limited partnership became subject to this chapter under section 1306
8 (1) or (2) of this act; and

9 (b) With respect to a foreign limited partnership, a person that
10 has rights, powers, and obligations similar to those of a general
11 partner in a limited partnership.

12 (9) "Limited liability limited partnership," except in the term
13 "foreign limited liability limited partnership," means a limited
14 partnership whose certificate of limited partnership states that the
15 limited partnership is a limited liability limited partnership.

16 (10) "Limited partner" means:

17 (a) With respect to a limited partnership, a person that:

18 (i) Becomes a limited partner under section 301 of this act; or

19 (ii) Was a limited partner in a limited partnership when the
20 limited partnership became subject to this chapter under section 1306
21 (1) or (2) of this act; and

22 (b) With respect to a foreign limited partnership, a person that
23 has rights, powers, and obligations similar to those of a limited
24 partner in a limited partnership.

25 (11) "Limited partnership," except in the terms "foreign limited
26 partnership" and "foreign limited liability limited partnership," means
27 an entity, having one or more general partners and one or more limited
28 partners, which is formed under this chapter by two or more persons or
29 becomes subject to this chapter under article 11 of this chapter or
30 section 1306 (1) or (2) of this act. "Limited partnership" includes a
31 limited liability limited partnership.

32 (12) "Partner" means a limited partner or general partner.

33 (13) "Partnership agreement" means the partners' agreement, whether
34 oral, implied, in a record, or in any combination, concerning the
35 limited partnership. "Partnership agreement" includes the agreement as
36 amended.

37 (14) "Person" means an individual, corporation, business trust,
38 estate, trust, partnership, limited liability company, association,

1 joint venture, government; governmental subdivision, agency, or
2 instrumentality; public corporation, or any other legal or commercial
3 entity.

4 (15) "Person dissociated as a general partner" means a person
5 dissociated as a general partner of a limited partnership.

6 (16) "Principal office" means the office where the principal
7 executive office of a limited partnership or foreign limited
8 partnership is located, whether or not the office is located in this
9 state.

10 (17) "Record" means information that is inscribed on a tangible
11 medium or that is stored in an electronic or other medium and is
12 retrievable in perceivable form.

13 (18) "Required information" means the information that a limited
14 partnership is required to maintain under section 111 of this act.

15 (19) "Sign" means:

16 (a) To sign with respect to a written record;

17 (b) To electronically transmit along with sufficient information to
18 determine the sender's identity with respect to an electronic
19 transmission; or

20 (c) With respect to a record to be filed with the secretary of
21 state, to comply with the standard for filing with the office of the
22 secretary of state as prescribed by the secretary of state.

23 (20) "State" means a state of the United States, the District of
24 Columbia, Puerto Rico, the United States Virgin Islands, or any
25 territory or insular possession subject to the jurisdiction of the
26 United States.

27 (21) "Transfer" includes an assignment, conveyance, deed, bill of
28 sale, lease, mortgage, security interest, encumbrance, gift, and
29 transfer by operation of law.

30 (22) "Transferable interest" means a partner's right to receive
31 distributions.

32 (23) "Transferee" means a person to which all or part of a
33 transferable interest has been transferred, whether or not the
34 transferor is a partner.

35 NEW SECTION. **Sec. 103.** KNOWLEDGE AND NOTICE. (1) A person knows
36 a fact if the person has actual knowledge of it.

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

1 (a) Knows of it;

2 (b) Has received a notification of it;

3 (c) Has reason to know it exists from all of the facts known to the
4 person at the time in question; or

5 (d) Has notice of it under subsection (3) or (4) of this section.

6 (3) A certificate of limited partnership on file in the office of
7 the secretary of state is notice that the partnership is a limited
8 partnership and the persons designated in the certificate as general
9 partners are general partners. Except as otherwise provided in
10 subsection (4) of this section, the certificate is not notice of any
11 other fact.

12 (4) A person has notice of:

13 (a) Another person's dissociation as a general partner, ninety days
14 after the effective date of an amendment to the certificate of limited
15 partnership which states that the other person has dissociated or
16 ninety days after the effective date of a statement of dissociation
17 pertaining to the other person, whichever occurs first;

18 (b) A limited partnership's dissolution, ninety days after the
19 effective date of an amendment to the certificate of limited
20 partnership stating that the limited partnership is dissolved;

21 (c) A limited partnership's termination, ninety days after the
22 effective date of a statement of termination;

23 (d) A limited partnership's conversion under article 11 of this
24 chapter, ninety days after the effective date of the articles of
25 conversion; or

26 (e) A merger under article 11 of this chapter, ninety days after
27 the effective date of the articles of merger.

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

31 (6) A person receives a notification when the notification:

32 (a) Comes to the person's attention; or

33 (b) Is delivered at the person's place of business or at any other
34 place held out by the person as a place for receiving communications.

35 (7) Except as otherwise provided in subsection (8) of this section,
36 a person other than an individual knows, has notice, or receives a
37 notification of a fact for purposes of a particular transaction when
38 the individual conducting the transaction for the person knows, has

1 notice, or receives a notification of the fact, or in any event when
2 the fact would have been brought to the individual's attention if the
3 person had exercised reasonable diligence. A person other than an
4 individual exercises reasonable diligence if it maintains reasonable
5 routines for communicating significant information to the individual
6 conducting the transaction for the person and there is reasonable
7 compliance with the routines. Reasonable diligence does not require an
8 individual acting for the person to communicate information unless the
9 communication is part of the individual's regular duties or the
10 individual has reason to know of the transaction and that the
11 transaction would be materially affected by the information.

12 (8) A general partner's knowledge, notice, or receipt of a
13 notification of a fact relating to the limited partnership is effective
14 immediately as knowledge of, notice to, or receipt of a notification by
15 the limited partnership, except in the case of a fraud on the limited
16 partnership committed by or with the consent of the general partner.
17 A limited partner's knowledge, notice, or receipt of a notification of
18 a fact relating to the limited partnership is not effective as
19 knowledge of, notice to, or receipt of a notification by the limited
20 partnership.

21 NEW SECTION. **Sec. 104.** NATURE, PURPOSE, AND DURATION OF ENTITY.

22 (1) A limited partnership is an entity distinct from its partners. A
23 limited partnership is the same entity regardless of whether its
24 certificate of limited partnership states that the limited partnership
25 is a limited liability limited partnership.

26 (2) A limited partnership may be organized under this chapter for
27 any lawful purpose.

28 (3) A limited partnership has a perpetual duration.

29 NEW SECTION. **Sec. 105.** POWERS. A limited partnership has the
30 powers to do all things necessary or convenient to carry on its
31 activities, including the power to sue, be sued, and defend in its own
32 name and to maintain an action against a partner for harm caused to the
33 limited partnership by a breach of the partnership agreement or
34 violation of a duty to the partnership.

1 NEW SECTION. **Sec. 106.** GOVERNING LAW. The law of this state
2 governs relations among the partners of a limited partnership and
3 between the partners and the limited partnership and the liability of
4 partners as partners for an obligation of the limited partnership.

5 NEW SECTION. **Sec. 107.** SUPPLEMENTAL PRINCIPLES OF LAW--RATE OF
6 INTEREST. (1) Unless displaced by particular provisions of this
7 chapter, the principles of law and equity supplement this chapter.

8 (2) If an obligation to pay interest arises under this chapter and
9 the rate is not specified, the rate is that specified in RCW
10 19.52.010(1).

11 NEW SECTION. **Sec. 108.** NAME. (1) The name of a limited
12 partnership may contain the name of any partner.

13 (2) The name of a limited partnership that is not a limited
14 liability limited partnership must contain the term "limited
15 partnership" or the abbreviation "LP" or "L.P." and may not contain the
16 term "limited liability limited partnership" or the abbreviation "LLLP"
17 or "L.L.L.P."

18 (3) The name of a limited liability limited partnership must
19 contain the term "limited liability limited partnership" or the
20 abbreviation "LLLP" or "L.L.L.P." and must not contain the abbreviation
21 "LP" or "L.P."

22 (4) Unless authorized by subsection (5) of this section, the name
23 of a limited partnership must be distinguishable in the records of the
24 secretary of state from:

25 (a) The name of each person other than an individual incorporated,
26 organized, or authorized to transact business in this state through a
27 filing or registration with the secretary of state; and

28 (b) Each name reserved under section 109 of this act.

29 (5) A limited partnership may apply to the secretary of state for
30 authorization to use a name that does not comply with subsection (4) of
31 this section. The secretary of state shall authorize use of the name
32 applied for if, as to each conflicting name:

33 (a) The present user, registrant, or owner of the conflicting name
34 consents in a signed record to the use and submits an undertaking in a
35 form satisfactory to the secretary of state to change the conflicting

1 name to a name that complies with subsection (4) of this section and is
2 distinguishable in the records of the secretary of state from the name
3 applied for;

4 (b) The applicant delivers to the secretary of state a certified
5 copy of the final judgment of a court of competent jurisdiction
6 establishing the applicant's right to use in this state the name
7 applied for; or

8 (c) The applicant delivers to the secretary of state proof
9 satisfactory to the secretary of state that the present user,
10 registrant, or owner of the conflicting name:

11 (i) Has merged into the applicant;

12 (ii) Has been converted into the applicant; or

13 (iii) Has transferred substantially all of its assets, including
14 the conflicting name, to the applicant.

15 (6) Subject to section 905 of this act, this section applies to any
16 foreign limited partnership transacting business in this state, having
17 a certificate of authority to transact business in this state, or
18 applying for a certificate of authority.

19 (7) A name shall not be considered distinguishable upon the records
20 of the secretary of state by virtue of:

21 (a) A variation in any of the following designations for the same
22 name: "Corporation," "incorporated," "company," "limited,"
23 "partnership," "limited partnership," "limited liability limited
24 partnership," "limited liability company," or "limited liability
25 partnership," or the abbreviations "corp.," "inc.," "co.," "ltd.,"
26 "LP," "L.P.," "LLP," "L.L.P.," "LLLLP," "L.L.L.P.," "LLC," or "L.L.C.";

27 (b) The addition or deletion of an article or conjunction such as
28 "the" or "and" from the same name;

29 (c) Punctuation, capitalization, or special characters or symbols
30 in the same name; or

31 (d) Use of abbreviation or the plural form of a word in the same
32 name.

33 (8) This chapter does not control the use of assumed business names
34 or trade names.

35 NEW SECTION. **Sec. 109.** RESERVATION OF NAME. (1) The exclusive
36 right to the use of a name that complies with section 108 of this act
37 may be reserved by:

1 (a) A person intending to organize a limited partnership under this
2 chapter and to adopt the name;

3 (b) A limited partnership or a foreign limited partnership
4 authorized to transact business in this state intending to adopt the
5 name;

6 (c) A foreign limited partnership intending to obtain a certificate
7 of authority to transact business in this state and adopt the name;

8 (d) A person intending to organize a foreign limited partnership
9 and intending to have it obtain a certificate of authority to transact
10 business in this state and adopt the name;

11 (e) A foreign limited partnership formed under the name; or

12 (f) A foreign limited partnership formed under a name that does not
13 comply with section 108 (2) or (3) of this act, but the name reserved
14 under this subsection (1)(f) may differ from the foreign limited
15 partnership's name only to the extent necessary to comply with section
16 108 (2) and (3) of this act.

17 (2) A person may apply to reserve a name under subsection (1) of
18 this section by delivering to the secretary of state for filing an
19 application that states the name to be reserved and the subsection of
20 subsection (1) of this section which applies. If the secretary of
21 state finds that the name is available for use by the applicant, the
22 secretary of state shall file a statement of name reservation and
23 thereby reserve the name for the exclusive use of the applicant for one
24 hundred eighty days.

25 (3) An applicant that has reserved a name pursuant to subsection
26 (2) of this section may reserve the same name for additional one
27 hundred eighty-day periods. A person having a current reservation for
28 a name may not apply for another one hundred eighty-day period for the
29 same name until ninety days have elapsed in the current reservation.

30 (4) A person that has reserved a name under this section may
31 deliver to the secretary of state for filing a notice of transfer that
32 states the reserved name, the name and street and mailing address of
33 some other person to which the reservation is to be transferred, and
34 the subsection of subsection (1) of this section which applies to the
35 other person. Subject to section 206(3) of this act, the transfer is
36 effective when the secretary of state files the notice of transfer.

1 NEW SECTION. **Sec. 110.** EFFECT OF PARTNERSHIP AGREEMENT--

2 NONWAIVABLE PROVISIONS. (1) Except as otherwise provided in subsection
3 (2) of this section, the partnership agreement governs relations among
4 the partners and between the partners and the partnership. To the
5 extent the partnership agreement does not otherwise provide, this
6 chapter governs relations among the partners and between the partners
7 and the partnership.

8 (2) A partnership agreement may not:

9 (a) Vary a limited partnership's power under section 105 of this
10 act to sue, be sued, and defend in its own name;

11 (b) Vary the law applicable to a limited partnership under section
12 106 of this act;

13 (c) Vary the requirements of section 204 of this act;

14 (d) Vary the information required under section 111 of this act or
15 unreasonably restrict the right to information under section 304 or 407
16 of this act, but the partnership agreement may impose reasonable
17 restrictions on the availability and use of information obtained under
18 those sections and may define appropriate remedies, including
19 liquidated damages, for a breach of any reasonable restriction on use;

20 (e) Eliminate the duty of loyalty under section 408 of this act,
21 but the partnership agreement may, if not manifestly unreasonable:

22 (i) Identify specific types or categories of activities that do not
23 violate the duty of loyalty; and

24 (ii) Specify the number or percentage of partners which may
25 authorize or ratify, after full disclosure to all partners of all
26 material facts, a specific act or transaction that otherwise would
27 violate the duty of loyalty;

28 (f) Unreasonably reduce the duty of care under section 408(3) of
29 this act;

30 (g) Eliminate the obligation of good faith and fair dealing under
31 sections 305(2) and 408(4) of this act, but the partnership agreement
32 may prescribe the standards by which the performance of the obligation
33 is to be measured, if the standards are not manifestly unreasonable;

34 (h) Vary the power of a person to dissociate as a general partner
35 under section 604(1) of this act except to require that the notice
36 under section 603(1) of this act be in a record;

37 (i) Vary the power of a court to decree dissolution in the
38 circumstances specified in section 802 of this act;

1 (j) Vary the requirement to wind up the partnership's business as
2 specified in section 803 of this act;

3 (k) Unreasonably restrict the right to maintain an action under
4 article 10 of this chapter;

5 (l) Restrict the right of a partner under section 1110(1) of this
6 act to approve a conversion or merger or the right of a general partner
7 under section 1110(2) of this act to consent to an amendment to the
8 certificate of limited partnership which deletes a statement that the
9 limited partnership is a limited liability limited partnership; or

10 (m) Restrict rights under this chapter of a person other than a
11 partner or a transferee.

12 NEW SECTION. **Sec. 111.** REQUIRED INFORMATION. A limited
13 partnership shall maintain at its designated office the following
14 information:

15 (1) A current list showing the full name and last known street and
16 mailing address of each partner, separately identifying the general
17 partners, in alphabetical order, and the limited partners, in
18 alphabetical order;

19 (2) A copy of the initial certificate of limited partnership and
20 all amendments to and restatements of the certificate, together with
21 signed copies of any powers of attorney under which any certificate,
22 amendment, or restatement has been signed;

23 (3) A copy of any filed articles of conversion or merger;

24 (4) A copy of the limited partnership's federal, state, and local
25 tax returns and reports, if any, for the three most recent years;

26 (5) A copy of any partnership agreement made in a record and any
27 amendment made in a record to any partnership agreement;

28 (6) A copy of any financial statement of the limited partnership
29 for the three most recent years;

30 (7) A copy of the three most recent annual reports delivered by the
31 limited partnership to the secretary of state pursuant to section 210
32 of this act;

33 (8) A copy of any record made by the limited partnership during the
34 past three years of any consent given by or vote taken of any partner
35 pursuant to this chapter or the partnership agreement; and

36 (9) Unless contained in a partnership agreement made in a record,
37 a record stating:

1 (a) The amount of cash, and a description and statement of the
2 agreed value of the other benefits, contributed and agreed to be
3 contributed by each partner;

4 (b) The times at which, or events on the happening of which, any
5 additional contributions agreed to be made by each partner are to be
6 made;

7 (c) For any person that is both a general partner and a limited
8 partner, a specification of what transferable interest the person owns
9 in each capacity; and

10 (d) Any events upon the happening of which the limited partnership
11 is to be dissolved and its activities wound up.

12 NEW SECTION. **Sec. 112.** BUSINESS TRANSACTIONS OF PARTNER WITH
13 PARTNERSHIP. A partner may lend money to and transact other business
14 with the limited partnership and has the same rights and obligations
15 with respect to the loan or other transaction as a person that is not
16 a partner.

17 NEW SECTION. **Sec. 113.** DUAL CAPACITY. A person may be both a
18 general partner and a limited partner. A person that is both a general
19 and limited partner has the rights, powers, duties, and obligations
20 provided by this chapter and the partnership agreement in each of those
21 capacities. When the person acts as a general partner, the person is
22 subject to the obligations, duties, and restrictions under this chapter
23 and the partnership agreement for general partners. When the person
24 acts as a limited partner, the person is subject to the obligations,
25 duties, and restrictions under this chapter and the partnership
26 agreement for limited partners.

27 NEW SECTION. **Sec. 114.** OFFICE AND AGENT FOR SERVICE OF PROCESS.
28 (1) A limited partnership shall designate and continuously maintain in
29 this state:

30 (a) An office, which need not be a place of its activity in this
31 state; and

32 (b) An agent for service of process.

33 (2) A foreign limited partnership shall designate and continuously
34 maintain in this state an agent for service of process.

1 (3) An agent for service of process of a limited partnership or
2 foreign limited partnership must be an individual who is a resident of
3 this state or other person authorized to do business in this state.

4 NEW SECTION. **Sec. 115.** CHANGE OF DESIGNATED OFFICE OR AGENT FOR
5 SERVICE OF PROCESS. (1) In order to change its designated office,
6 agent for service of process, or the address of its agent for service
7 of process, a limited partnership or a foreign limited partnership must
8 deliver to the secretary of state for filing a statement of change
9 containing:

10 (a) The name of the limited partnership or foreign limited
11 partnership;

12 (b) The street and mailing address of its current designated
13 office;

14 (c) If the current designated office is to be changed, the street
15 and mailing address of the new designated office;

16 (d) The name and street and mailing address of its current agent
17 for service of process; and

18 (e) If the current agent for service of process or an address of
19 the agent is to be changed, the new information.

20 (2) Subject to section 206(3) of this act, a statement of change is
21 effective when filed by the secretary of state.

22 NEW SECTION. **Sec. 116.** RESIGNATION OF AGENT FOR SERVICE OF
23 PROCESS. (1) In order to resign as an agent for service of process of
24 a limited partnership or foreign limited partnership, the agent must
25 deliver to the secretary of state for filing a statement of resignation
26 containing the name of the limited partnership or foreign limited
27 partnership.

28 (2) After receiving a statement of resignation, the secretary of
29 state shall file it and mail a copy to the designated office of the
30 limited partnership or foreign limited partnership and another copy to
31 the principal office if the address of the office appears in the
32 records of the secretary of state and is different from the address of
33 the designated office.

34 (3) An agent for service of process is terminated on the thirty-
35 first day after the secretary of state files the statement of
36 resignation.

1 NEW SECTION. **Sec. 117.** SERVICE OF PROCESS. (1) An agent for
2 service of process appointed by a limited partnership or foreign
3 limited partnership is an agent of the limited partnership or foreign
4 limited partnership for service of any process, notice, or demand
5 required or permitted by law to be served upon the limited partnership
6 or foreign limited partnership.

7 (2) If a limited partnership or foreign limited partnership does
8 not appoint or maintain an agent for service of process in this state
9 or the agent for service of process cannot with reasonable diligence be
10 found at the agent's address, the secretary of state is an agent of the
11 limited partnership or foreign limited partnership upon whom process,
12 notice, or demand may be served.

13 (3) Service of any process, notice, or demand on the secretary of
14 state may be made by delivering to and leaving with the secretary of
15 state duplicate copies of the process, notice, or demand. If a
16 process, notice, or demand is served on the secretary of state, the
17 secretary of state shall forward one of the copies by registered or
18 certified mail, return receipt requested, to the limited partnership or
19 foreign limited partnership at its designated office.

20 (4) Service is effected under subsection (3) of this section at the
21 earliest of:

22 (a) The date the limited partnership or foreign limited partnership
23 receives the process, notice, or demand;

24 (b) The date shown on the return receipt, if signed on behalf of
25 the limited partnership or foreign limited partnership; or

26 (c) Five days after the process, notice, or demand is deposited in
27 the mail, if mailed postpaid and correctly addressed.

28 (5) The secretary of state shall keep a record of each process,
29 notice, and demand served pursuant to this section and record the time
30 of, and the action taken regarding, the service.

31 (6) This section does not affect the right to serve process,
32 notice, or demand in any other manner provided by law.

33 NEW SECTION. **Sec. 118.** CONSENT AND PROXIES OF PARTNERS. Action
34 requiring the consent of partners under this chapter may be taken
35 without a meeting, and a partner may appoint a proxy to consent or
36 otherwise act for the partner by signing an appointment record, either
37 personally or by the partner's attorney-in-fact.

1 (4) Subject to subsection (2) of this section, if any provision of
2 a partnership agreement is inconsistent with the filed certificate of
3 limited partnership or with a filed statement of dissociation,
4 termination, or change or filed articles of conversion or merger:

5 (a) The partnership agreement prevails as to partners and
6 transferees; and

7 (b) The filed certificate of limited partnership, statement of
8 dissociation, termination, or change or articles of conversion or
9 merger prevails as to persons, other than partners and transferees,
10 that reasonably rely on the filed record to their detriment.

11 NEW SECTION. Sec. 202. AMENDMENT OR RESTATEMENT OF CERTIFICATE OF
12 LIMITED PARTNERSHIP. (1) In order to amend its certificate of limited
13 partnership, a limited partnership must deliver to the secretary of
14 state for filing an amendment or, pursuant to article 11 of this
15 chapter, articles of merger stating:

16 (a) The name of the limited partnership;

17 (b) The date of filing of its initial certificate of limited
18 partnership; and

19 (c) The changes the amendment makes to the certificate of limited
20 partnership as most recently amended or restated.

21 (2) A limited partnership shall promptly deliver to the secretary
22 of state for filing an amendment to a certificate of limited
23 partnership to reflect:

24 (a) The admission of a new general partner;

25 (b) The dissociation of a person as a general partner; or

26 (c) The appointment of a person to wind up the limited
27 partnership's activities under section 803 (3) or (4) of this act.

28 (3) A general partner that knows that any information in a filed
29 certificate of limited partnership was false when the certificate was
30 filed or has become false due to changed circumstances shall promptly:

31 (a) Cause the certificate of limited partnership to be amended; or

32 (b) If appropriate, deliver to the secretary of state for filing a
33 statement of change pursuant to section 115 of this act or a statement
34 of correction pursuant to section 207 of this act.

35 (4) A certificate of limited partnership may be amended at any time
36 for any other proper purpose as determined by the limited partnership.

1 (5) A restated certificate of limited partnership may be delivered
2 to the secretary of state for filing in the same manner as an
3 amendment.

4 (6) Subject to section 206(3) of this act, an amendment or restated
5 certificate of limited partnership is effective when filed by the
6 secretary of state.

7 NEW SECTION. **Sec. 203.** STATEMENT OF TERMINATION. A dissolved
8 limited partnership that has completed winding up may deliver to the
9 secretary of state for filing a statement of termination that states:

- 10 (1) The name of the limited partnership;
- 11 (2) The date of filing of its initial certificate of limited
12 partnership; and
- 13 (3) Any other information as determined by the general partners
14 filing the statement or by a person appointed pursuant to section 803
15 (3) or (4) of this act.

16 NEW SECTION. **Sec. 204.** SIGNING OF RECORDS. (1) Each record
17 delivered to the secretary of state for filing pursuant to this chapter
18 must be signed in the following manner:

- 19 (a) An initial certificate of limited partnership must be signed by
20 all general partners listed in the certificate.
- 21 (b) An amendment adding or deleting a statement that the limited
22 partnership is a limited liability limited partnership must be signed
23 by all general partners listed in the certificate.
- 24 (c) An amendment designating as general partner a person admitted
25 under section 801(3)(b) of this act following the dissociation of a
26 limited partnership's last general partner must be signed by that
27 person.
- 28 (d) An amendment required by section 803(3) of this act following
29 the appointment of a person to wind up the dissolved limited
30 partnership's activities must be signed by that person.
- 31 (e) Any other amendment must be signed by:
 - 32 (i) At least one general partner listed in the certificate of
33 limited partnership;
 - 34 (ii) Each other person designated in the amendment as a new general
35 partner; and

1 (iii) Each person that the amendment indicates has dissociated as
2 a general partner, unless:

3 (A) The person is deceased or a guardian or general conservator has
4 been appointed for the person and the amendment so states; or

5 (B) The person has previously delivered to the secretary of state
6 for filing a statement of dissociation.

7 (f) A restated certificate of limited partnership must be signed by
8 at least one general partner listed in the certificate, and, to the
9 extent the restated certificate effects a change under any other
10 subsection of this subsection (1), the certificate must be signed in a
11 manner that satisfies that subsection.

12 (g) A statement of termination must be signed by all general
13 partners listed in the certificate or, if the certificate of a
14 dissolved limited partnership lists no general partners, by the person
15 appointed pursuant to section 803 (3) or (4) of this act to wind up the
16 dissolved limited partnership's activities.

17 (h) Articles of conversion must be signed by each general partner
18 listed in the certificate of limited partnership.

19 (i) Articles of merger must be signed as provided in section
20 1108(1) of this act.

21 (j) Any other record delivered on behalf of a limited partnership
22 to the secretary of state for filing must be signed by at least one
23 general partner listed in the certificate of limited partnership.

24 (k) A statement by a person pursuant to section 605(1)(d) of this
25 act stating that the person has dissociated as a general partner must
26 be signed by that person.

27 (l) A statement of withdrawal by a person pursuant to section 306
28 of this act must be signed by that person.

29 (m) A record delivered on behalf of a foreign limited partnership
30 to the secretary of state for filing must be signed by at least one
31 general partner of the foreign limited partnership.

32 (n) Any other record delivered on behalf of any person to the
33 secretary of state for filing must be signed by that person.

34 (2) Any person may sign by an attorney-in-fact any record to be
35 filed pursuant to this chapter.

36 NEW SECTION. **Sec. 205.** SIGNING AND FILING PURSUANT TO JUDICIAL
37 ORDER. (1) If a person required by this chapter to sign a record or

1 deliver a record to the secretary of state for filing does not do so,
2 any other person that is aggrieved may petition the appropriate court
3 to order:

4 (a) The person to sign the record;

5 (b) Delivery of the record to the secretary of state for filing; or

6 (c) The secretary of state to file the record unsigned.

7 (2) If the person aggrieved under subsection (1) of this section is
8 not the limited partnership or foreign limited partnership to which the
9 record pertains, the aggrieved person shall make the limited
10 partnership or foreign limited partnership a party to the action. A
11 person aggrieved under subsection (1) of this section may seek the
12 remedies provided in subsection (1) of this section in the same action
13 in combination or in the alternative.

14 (3) A record filed unsigned pursuant to this section is effective
15 without being signed.

16 NEW SECTION. **Sec. 206.** DELIVERY TO AND FILING OF RECORDS BY
17 SECRETARY OF STATE--EFFECTIVE TIME AND DATE. (1) A record authorized
18 or required to be delivered to the secretary of state for filing under
19 this chapter must be captioned to describe the record's purpose, be in
20 a medium permitted by the secretary of state, and be delivered to the
21 secretary of state. Unless the secretary of state determines that a
22 record does not comply with the filing requirements of this chapter,
23 and if all filing fees have been paid, the secretary of state shall
24 file the record and:

25 (a) For a statement of dissociation, send:

26 (i) A copy of the filed statement and a receipt for the fees to the
27 person which the statement indicates has dissociated as a general
28 partner; and

29 (ii) A copy of the filed statement and receipt to the limited
30 partnership;

31 (b) For a statement of withdrawal, send:

32 (i) A copy of the filed statement and a receipt for the fees to the
33 person on whose behalf the record was filed; and

34 (ii) If the statement refers to an existing limited partnership, a
35 copy of the filed statement and receipt to the limited partnership; and

36 (c) For all other records, send a copy of the filed record and a

1 receipt for the fees to the person on whose behalf the record was
2 filed.

3 (2) Upon request and payment of a fee, the secretary of state shall
4 send to the requester a certified copy of the requested record.

5 (3) Except as otherwise provided in sections 116 and 207 of this
6 act, a record delivered to the secretary of state for filing under this
7 chapter may specify an effective time and a delayed effective date.
8 Except as otherwise provided in this chapter, a record filed by the
9 secretary of state is effective:

10 (a) If the record does not specify an effective time and does not
11 specify a delayed effective date, on the date and at the time the
12 record is filed as evidenced by the secretary of state's endorsement of
13 the date and time on the record;

14 (b) If the record specifies an effective time but not a delayed
15 effective date, on the date the record is filed at the time specified
16 in the record;

17 (c) If the record specifies a delayed effective date but not an
18 effective time, at 12:01 a.m. on the earlier of:

19 (i) The specified date; or

20 (ii) The ninetieth day after the record is filed; or

21 (d) If the record specifies an effective time and a delayed
22 effective date, at the specified time on the earlier of:

23 (i) The specified date; or

24 (ii) The ninetieth day after the record is filed.

25 NEW SECTION. **Sec. 207.** CORRECTING FILED RECORD. (1) A limited
26 partnership or foreign limited partnership may deliver to the secretary
27 of state for filing a statement of correction to correct a record
28 previously delivered by the limited partnership or foreign limited
29 partnership to the secretary of state and filed by the secretary of
30 state, if at the time of filing the record contained false or erroneous
31 information or was defectively signed.

32 (2) A statement of correction may not state a delayed effective
33 date and must:

34 (a) Describe the record to be corrected, including its filing date,
35 or attach a copy of the record as filed;

36 (b) Specify the incorrect information and the reason it is
37 incorrect or the manner in which the signing was defective; and

1 (c) Correct the incorrect information or defective signature.

2 (3) When filed by the secretary of state, a statement of correction
3 is effective retroactively as of the effective date of the record the
4 statement corrects, but the statement is effective when filed:

5 (a) For the purposes of section 103 (3) and (4) of this act; and

6 (b) As to persons relying on the uncorrected record and adversely
7 affected by the correction.

8 NEW SECTION. Sec. 208. LIABILITY FOR FALSE INFORMATION IN FILED
9 RECORD. (1) If a record delivered to the secretary of state for filing
10 under this chapter and filed by the secretary of state contains false
11 information, a person that suffers loss by reliance on the information
12 may recover damages for the loss from:

13 (a) A person that signed the record, or caused another to sign it
14 on the person's behalf, and knew the information to be false at the
15 time the record was signed; and

16 (b) A general partner that has notice that the information was
17 false when the record was filed or has become false because of changed
18 circumstances, if the general partner has notice for a reasonably
19 sufficient time before the information is relied upon to enable the
20 general partner to effect an amendment under section 202 of this act,
21 file a petition under section 205 of this act, or deliver to the
22 secretary of state for filing a statement of change under section 115
23 of this act or a statement of correction under section 207 of this act.

24 (2) A person who signs a record authorized or required to be filed
25 under this chapter that such a person knows is false in any material
26 respect with intent that the record be delivered to the secretary of
27 state for filing is guilty of a gross misdemeanor punishable under
28 chapter 9A.20 RCW.

29 NEW SECTION. Sec. 209. CERTIFICATE OF EXISTENCE OR AUTHORIZATION.
30 (1) Any person may apply to the secretary of state to furnish a
31 certificate of existence for a domestic limited partnership or a
32 certificate of authorization for a foreign limited partnership.

33 (2) A certificate of existence or authorization means that as of
34 the date of its issuance:

35 (a) The domestic limited partnership is duly formed under the laws

1 of this state, or that the foreign limited partnership is authorized to
2 transact business in this state;

3 (b) All fees and penalties owed to this state under this chapter
4 have been paid, if (i) payment is reflected in the records of the
5 secretary of state, and (ii) nonpayment affects the existence or
6 authorization of the domestic or foreign limited partnership;

7 (c) The limited partnership's most recent annual report required by
8 section 210 of this act has been delivered to the secretary of state;

9 (d) The partnership's certificate of limited partnership has not
10 been amended to state that the limited partnership is dissolved; and

11 (e) A statement of termination or an application for withdrawal has
12 not been filed by the secretary of state.

13 (3) A person may apply to the secretary of state to issue a
14 certificate covering any fact of record.

15 (4) Subject to any qualification stated in the certificate, a
16 certificate of existence or authorization issued by the secretary of
17 state may be relied upon as conclusive evidence that the domestic or
18 foreign limited partnership is in existence or is authorized to
19 transact business in the limited partnership form in this state.

20 NEW SECTION. **Sec. 210.** ANNUAL REPORT FOR SECRETARY OF STATE. (1)

21 A limited partnership or a foreign limited partnership authorized to
22 transact business in this state shall deliver to the secretary of state
23 for filing an annual report that states:

24 (a) The name of the limited partnership or foreign limited
25 partnership;

26 (b) The street and mailing address of its designated office and the
27 name and street and mailing address of its agent for service of process
28 in this state;

29 (c) In the case of a limited partnership, the street and mailing
30 address of its principal office; and

31 (d) In the case of a foreign limited partnership, the state or
32 other jurisdiction under whose law the foreign limited partnership is
33 formed and any alternate name adopted under section 905(1) of this act.

34 (2) Information in an annual report must be current as of the date
35 the annual report is delivered to the secretary of state for filing.

36 (3) Annual reports must be delivered to the secretary of state on

1 a date determined by the secretary of state, and at such additional
2 times as the partnership elects.

3 (4) If an annual report does not contain the information required
4 in subsection (1) of this section, the secretary of state shall
5 promptly notify the reporting limited partnership or foreign limited
6 partnership and return the report to it for correction. If the report
7 is corrected to contain the information required in subsection (1) of
8 this section and delivered to the secretary of state within thirty days
9 after the effective date of the notice, it is timely delivered.

10 (5) If a filed annual report contains an address of a designated
11 office or the name or address of an agent for service of process which
12 differs from the information shown in the records of the secretary of
13 state immediately before the filing, the differing information in the
14 annual report is considered a statement of change under section 115 of
15 this act.

16 **ARTICLE 3**
17 **LIMITED PARTNERS**

18 NEW SECTION. **Sec. 301.** BECOMING LIMITED PARTNER. A person
19 becomes a limited partner:

- 20 (1) As provided in the partnership agreement;
21 (2) As the result of a conversion or merger under article 11 of
22 this chapter; or
23 (3) With the consent of all the partners.

24 NEW SECTION. **Sec. 302.** NO RIGHT OR POWER AS LIMITED PARTNER TO
25 BIND LIMITED PARTNERSHIP. A limited partner does not have the right or
26 the power as a limited partner to act for or bind the limited
27 partnership.

28 NEW SECTION. **Sec. 303.** NO LIABILITY AS LIMITED PARTNER FOR
29 LIMITED PARTNERSHIP OBLIGATIONS. An obligation of a limited
30 partnership, whether arising in contract, tort, or otherwise, is not
31 the obligation of a limited partner. A limited partner is not
32 personally liable, directly or indirectly, by way of contribution or
33 otherwise, for an obligation of the limited partnership solely by

1 reason of being a limited partner, even if the limited partner
2 participates in the management and control of the limited partnership.

3 NEW SECTION. **Sec. 304.** RIGHT OF LIMITED PARTNER AND FORMER
4 LIMITED PARTNER TO INFORMATION. (1) On ten days' demand, made in a
5 record received by the limited partnership, a limited partner may
6 inspect and copy required information during regular business hours in
7 the limited partnership's designated office. The limited partner need
8 not have any particular purpose for seeking the information.

9 (2) During regular business hours and at a reasonable location
10 specified by the limited partnership, a limited partner may obtain from
11 the limited partnership and inspect and copy true and full information
12 regarding the state of the activities and financial condition of the
13 limited partnership and other information regarding the activities of
14 the limited partnership as is just and reasonable if:

15 (a) The limited partner seeks the information for a purpose
16 reasonably related to the partner's interest as a limited partner;

17 (b) The limited partner makes a demand in a record received by the
18 limited partnership, describing with reasonable particularity the
19 information sought and the purpose for seeking the information; and

20 (c) The information sought is directly connected to the limited
21 partner's purpose.

22 (3) Within ten days after receiving a demand pursuant to subsection
23 (2) of this section, the limited partnership in a record shall inform
24 the limited partner that made the demand:

25 (a) What information the limited partnership will provide in
26 response to the demand;

27 (b) When and where the limited partnership will provide the
28 information; and

29 (c) If the limited partnership declines to provide any demanded
30 information, the limited partnership's reasons for declining.

31 (4) Subject to subsection (6) of this section, a person dissociated
32 as a limited partner may inspect and copy required information during
33 regular business hours in the limited partnership's designated office
34 if:

35 (a) The information pertains to the period during which the person
36 was a limited partner;

37 (b) The person seeks the information in good faith; and

1 (c) The person meets the requirements of subsection (2) of this
2 section.

3 (5) The limited partnership shall respond to a demand made pursuant
4 to subsection (4) of this section in the same manner as provided in
5 subsection (3) of this section.

6 (6) If a limited partner dies, section 704 of this act applies.

7 (7) The limited partnership may impose reasonable restrictions on
8 the use of information obtained under this section. In a dispute
9 concerning the reasonableness of a restriction under this subsection,
10 the limited partnership has the burden of proving reasonableness.

11 (8) A limited partnership may charge a person that makes a demand
12 under this section reasonable costs of copying, limited to the costs of
13 labor and material.

14 (9) A limited partner or person dissociated as a limited partner
15 may exercise the rights under this section through an attorney or other
16 agent. Any restriction imposed under subsection (7) of this section or
17 by the partnership agreement applies both to the attorney or other
18 agent and to the limited partner or person dissociated as a limited
19 partner.

20 (10) The rights stated in this section do not extend to a person as
21 transferee, but may be exercised by the legal representative of an
22 individual under legal disability who is a limited partner or person
23 dissociated as a limited partner.

24 NEW SECTION. **Sec. 305.** LIMITED DUTIES OF LIMITED PARTNERS. (1)
25 A limited partner does not have any fiduciary duty to the limited
26 partnership or to any other partner solely by reason of being a limited
27 partner.

28 (2) A limited partner shall discharge the duties to the partnership
29 and the other partners under this chapter or under the partnership
30 agreement and exercise any rights consistently with the obligation of
31 good faith and fair dealing.

32 (3) A limited partner does not violate a duty or obligation under
33 this chapter or under the partnership agreement merely because the
34 limited partner's conduct furthers the limited partner's own interest.

35 NEW SECTION. **Sec. 306.** PERSON ERRONEOUSLY BELIEVING SELF TO BE
36 LIMITED PARTNER. (1) Except as otherwise provided in subsection (2) of

1 this section, a person that makes an investment in a business
2 enterprise, and erroneously but in good faith believes that the person
3 has become a limited partner in the enterprise, is not a general
4 partner and is not liable for the enterprise's obligations by reason of
5 making the investment, receiving distributions from the enterprise, or
6 exercising any rights of or appropriate to a limited partner, if, on
7 ascertaining the mistake, the person:

8 (a) Causes an appropriate certificate of limited partnership,
9 amendment, or statement of correction to be signed and delivered to the
10 secretary of state for filing; or

11 (b) Withdraws from future participation as an owner in the
12 enterprise by signing and delivering to the secretary of state for
13 filing a statement of withdrawal under this section.

14 (2) A person that makes an investment described in subsection (1)
15 of this section is liable to the same extent as a general partner to
16 any third party that enters into a transaction with the enterprise,
17 believing in good faith that the person is a general partner, before
18 the secretary of state files a statement of withdrawal, certificate of
19 limited partnership, amendment, or statement of correction to show that
20 the person is not a general partner.

21 (3) If a person makes a diligent effort in good faith to comply
22 with subsection (1)(a) of this section and is unable to cause the
23 appropriate certificate of limited partnership, amendment, or statement
24 of correction to be signed and delivered to the secretary of state for
25 filing, the person has the right to withdraw from the enterprise
26 pursuant to subsection (1)(b) of this section even if the withdrawal
27 would otherwise breach an agreement with others that are or have agreed
28 to become co-owners of the enterprise.

29 **ARTICLE 4**

30 **GENERAL PARTNERS**

31 NEW SECTION. **Sec. 401.** BECOMING GENERAL PARTNER. A person
32 becomes a general partner:

33 (1) As provided in the partnership agreement;

34 (2) Under section 801(3)(b) of this act following the dissociation
35 of a limited partnership's last general partner;

1 (3) As the result of a conversion or merger under article 11 of
2 this chapter; or

3 (4) With the consent of all the partners.

4 NEW SECTION. **Sec. 402.** GENERAL PARTNER AGENT OF LIMITED
5 PARTNERSHIP. (1) Each general partner is an agent of the limited
6 partnership for the purposes of its activities. An act of a general
7 partner, including the signing of a record in the partnership's name,
8 for apparently carrying on in the ordinary course of the limited
9 partnership's activities or activities of the kind carried on by the
10 limited partnership binds the limited partnership, unless the general
11 partner did not have authority to act for the limited partnership in
12 the particular matter and the person with which the general partner was
13 dealing knew, had received a notification, or had notice under section
14 103(4) of this act that the general partner lacked authority.

15 (2) An act of a general partner which is not apparently for
16 carrying on in the ordinary course of the limited partnership's
17 activities or activities of the kind carried on by the limited
18 partnership binds the limited partnership only if the act was actually
19 authorized by all the other partners.

20 NEW SECTION. **Sec. 403.** LIMITED PARTNERSHIP LIABLE FOR GENERAL
21 PARTNER'S ACTIONABLE CONDUCT. (1) A limited partnership is liable for
22 loss or injury caused to a person, or for a penalty incurred, as a
23 result of a wrongful act or omission, or other actionable conduct, of
24 a general partner acting in the ordinary course of activities of the
25 limited partnership or with authority of the limited partnership.

26 (2) If, in the course of the limited partnership's activities or
27 while acting with authority of the limited partnership, a general
28 partner receives or causes the limited partnership to receive money or
29 property of a person not a partner, and the money or property is
30 misapplied by a general partner, the limited partnership is liable for
31 the loss.

32 NEW SECTION. **Sec. 404.** GENERAL PARTNER'S LIABILITY. (1) Except
33 as otherwise provided in subsections (2) and (3) of this section, all
34 general partners are liable jointly and severally for all obligations

1 of the limited partnership unless otherwise agreed by the claimant or
2 provided by law.

3 (2) A person that becomes a general partner of an existing limited
4 partnership is not personally liable for an obligation of a limited
5 partnership incurred before the person became a general partner.

6 (3) An obligation of a limited partnership incurred while the
7 limited partnership is a limited liability limited partnership, whether
8 arising in contract, tort, or otherwise, is solely the obligation of
9 the limited partnership. A general partner is not personally liable,
10 directly or indirectly, by way of contribution or otherwise, for such
11 an obligation solely by reason of being or acting as a general partner.
12 This subsection applies despite anything inconsistent in the
13 partnership agreement that existed immediately before the consent
14 required to become a limited liability limited partnership under
15 section 406(2)(b) of this act.

16 NEW SECTION. **Sec. 405.** ACTIONS BY AND AGAINST PARTNERSHIP AND
17 PARTNERS. (1) To the extent not inconsistent with section 404 of this
18 act, a general partner may be joined in an action against the limited
19 partnership or named in a separate action.

20 (2) A judgment against a limited partnership is not by itself a
21 judgment against a general partner. A judgment against a limited
22 partnership may not be satisfied from a general partner's assets unless
23 there is also a judgment against the general partner.

24 (3) A judgment creditor of a general partner may not levy execution
25 against the assets of the general partner to satisfy a judgment based
26 on a claim against the limited partnership, unless the partner is
27 personally liable for the claim under section 404 of this act and:

28 (a) A judgment based on the same claim has been obtained against
29 the limited partnership and a writ of execution on the judgment has
30 been returned unsatisfied in whole or in part;

31 (b) The limited partnership is a debtor in bankruptcy;

32 (c) The general partner has agreed that the creditor need not
33 exhaust limited partnership assets;

34 (d) A court grants permission to the judgment creditor to levy
35 execution against the assets of a general partner based on a finding
36 that limited partnership assets subject to execution are clearly
37 insufficient to satisfy the judgment, that exhaustion of limited

1 partnership assets is excessively burdensome, or that the grant of
2 permission is an appropriate exercise of the court's equitable powers;
3 or

4 (e) Liability is imposed on the general partner by law or contract
5 independent of the existence of the limited partnership.

6 NEW SECTION. **Sec. 406.** MANAGEMENT RIGHTS OF GENERAL PARTNER. (1)
7 Each general partner has equal rights in the management and conduct of
8 the limited partnership's activities. Except as expressly provided in
9 this chapter, any matter relating to the activities of the limited
10 partnership may be exclusively decided by the general partner or, if
11 there is more than one general partner, by a majority of the general
12 partners.

13 (2) The consent of each partner is necessary to:

14 (a) Amend the partnership agreement;

15 (b) Amend the certificate of limited partnership to add or, subject
16 to section 1110 of this act, delete a statement that the limited
17 partnership is a limited liability limited partnership; and

18 (c) Sell, lease, exchange, or otherwise dispose of all, or
19 substantially all, of the limited partnership's property, with or
20 without the good will, other than in the usual and regular course of
21 the limited partnership's activities.

22 (3) A limited partnership shall reimburse a general partner for
23 payments made and indemnify a general partner for liabilities incurred
24 by the general partner in the ordinary course of the activities of the
25 partnership or for the preservation of its activities or property.

26 (4) A limited partnership shall reimburse a general partner for an
27 advance to the limited partnership beyond the amount of capital the
28 general partner agreed to contribute.

29 (5) A payment or advance made by a general partner which gives rise
30 to an obligation of the limited partnership under subsection (3) or (4)
31 of this section constitutes a loan to the limited partnership which
32 accrues interest from the date of the payment or advance.

33 (6) A general partner is not entitled to remuneration for services
34 performed for the partnership.

35 NEW SECTION. **Sec. 407.** RIGHT OF GENERAL PARTNER AND FORMER

1 GENERAL PARTNER TO INFORMATION. (1) A general partner, without having
2 any particular purpose for seeking the information, may inspect and
3 copy during regular business hours:

4 (a) In the limited partnership's designated office, required
5 information; and

6 (b) At a reasonable location specified by the limited partnership,
7 any other records maintained by the limited partnership regarding the
8 limited partnership's activities and financial condition.

9 (2) Each general partner and the limited partnership shall furnish
10 to a general partner:

11 (a) Without demand, any information concerning the limited
12 partnership's activities and activities reasonably required for the
13 proper exercise of the general partner's rights and duties under the
14 partnership agreement or this chapter; and

15 (b) On demand, any other information concerning the limited
16 partnership's activities, except to the extent the demand or the
17 information demanded is unreasonable or otherwise improper under the
18 circumstances.

19 (3) Subject to subsection (5) of this section, on ten days' demand
20 made in a record received by the limited partnership, a person
21 dissociated as a general partner may have access to the information and
22 records described in subsection (1) of this section at the location
23 specified in subsection (1) of this section if:

24 (a) The information or record pertains to the period during which
25 the person was a general partner;

26 (b) The person seeks the information or record in good faith; and

27 (c) The person satisfies the requirements imposed on a limited
28 partner by section 304(2) of this act.

29 (4) The limited partnership shall respond to a demand made pursuant
30 to subsection (3) of this section in the same manner as provided in
31 section 304(3) of this act.

32 (5) If a general partner dies, section 704 of this act applies.

33 (6) The limited partnership may impose reasonable restrictions on
34 the use of information under this section. In any dispute concerning
35 the reasonableness of a restriction under this subsection, the limited
36 partnership has the burden of proving reasonableness.

37 (7) A limited partnership may charge a person dissociated as a

1 general partner that makes a demand under this section reasonable costs
2 of copying, limited to the costs of labor and material.

3 (8) A general partner or person dissociated as a general partner
4 may exercise the rights under this section through an attorney or other
5 agent. Any restriction imposed under subsection (6) of this section or
6 by the partnership agreement applies both to the attorney or other
7 agent and to the general partner or person dissociated as a general
8 partner.

9 (9) The rights under this section do not extend to a person as
10 transferee, but the rights under subsection (3) of this section of a
11 person dissociated as a general partner may be exercised by the legal
12 representative of an individual who dissociated as a general partner
13 under section 603(7) (b) or (c) of this act.

14 NEW SECTION. **Sec. 408.** GENERAL STANDARDS OF GENERAL PARTNER'S
15 CONDUCT. (1) The only fiduciary duties that a general partner has to
16 the limited partnership and the other partners are the duties of
17 loyalty and care under subsections (2) and (3) of this section.

18 (2) A general partner's duty of loyalty to the limited partnership
19 and the other partners is limited to the following:

20 (a) To account to the limited partnership and hold as trustee for
21 it any property, profit, or benefit derived by the general partner in
22 the conduct and winding up of the limited partnership's activities or
23 derived from a use by the general partner of limited partnership
24 property, including the appropriation of a limited partnership
25 opportunity;

26 (b) To refrain from dealing with the limited partnership in the
27 conduct or winding up of the limited partnership's activities as or on
28 behalf of a party having an interest adverse to the limited
29 partnership; and

30 (c) To refrain from competing with the limited partnership in the
31 conduct or winding up of the limited partnership's activities.

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

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

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

8 **ARTICLE 5**

9 **CONTRIBUTIONS AND DISTRIBUTIONS**

10 NEW SECTION. **Sec. 501.** FORM OF CONTRIBUTION. A contribution of
11 a partner may consist of tangible or intangible property or other
12 benefit to the limited partnership, including money, services
13 performed, promissory notes, other agreements to contribute cash or
14 property, and contracts for services to be performed.

15 NEW SECTION. **Sec. 502.** LIABILITY FOR CONTRIBUTION. (1) A
16 partner's obligation to contribute money or other property or other
17 benefit to, or to perform services for, a limited partnership is not
18 excused by the partner's death, disability, or other inability to
19 perform personally.

20 (2) If a partner does not make a promised nonmonetary contribution,
21 the partner is obligated at the option of the limited partnership to
22 contribute money equal to that portion of the value, as stated in the
23 required information, of the stated contribution which has not been
24 made.

25 (3) The obligation of a partner to make a contribution or return
26 money or other property paid or distributed in violation of this
27 chapter may be compromised only by consent of all partners. A creditor
28 of a limited partnership which extends credit or otherwise acts in
29 reasonable reliance on an obligation described in subsection (1) of
30 this section, without notice of any compromise under this subsection,
31 may enforce the original obligation to the extent that, in extending
32 credit, the creditor reasonably relied on the obligation of a partner
33 to make a contribution.

1 NEW SECTION. **Sec. 503.** SHARING OF DISTRIBUTIONS. A distribution
2 by a limited partnership must be shared among the partners on the basis
3 of the value, as stated in the required records when the limited
4 partnership decides to make the distribution, of the contributions the
5 limited partnership has received from each partner.

6 NEW SECTION. **Sec. 504.** INTERIM DISTRIBUTIONS. A partner does not
7 have a right to any distribution before the dissolution and winding up
8 of the limited partnership unless the limited partnership decides to
9 make an interim distribution.

10 NEW SECTION. **Sec. 505.** NO DISTRIBUTION ON ACCOUNT OF
11 DISSOCIATION. A person does not have a right to receive a distribution
12 on account of dissociation.

13 NEW SECTION. **Sec. 506.** DISTRIBUTION IN KIND. A partner does not
14 have a right to demand or receive any distribution from a limited
15 partnership in any form other than cash. Subject to section 811(2) of
16 this act, a limited partnership may distribute an asset in kind to the
17 extent each partner receives a percentage of the asset equal to the
18 partner's share of distributions.

19 NEW SECTION. **Sec. 507.** RIGHT TO DISTRIBUTION. When a partner or
20 transferee becomes entitled to receive a distribution, the partner or
21 transferee has the status of, and is entitled to all remedies available
22 to, a creditor of the limited partnership with respect to the
23 distribution. However, the limited partnership's obligation to make a
24 distribution is subject to offset for any amount owed to the limited
25 partnership by the partner or dissociated partner on whose account the
26 distribution is made.

27 NEW SECTION. **Sec. 508.** LIMITATIONS ON DISTRIBUTION. (1) A
28 limited partnership may not make a distribution in violation of the
29 partnership agreement.

30 (2) A limited partnership may not make a distribution if after the
31 distribution:

32 (a) The limited partnership would not be able to pay its debts as

1 they become due in the ordinary course of the limited partnership's
2 activities; or

3 (b) The limited partnership's total assets would be less than the
4 sum of its total liabilities other than liabilities to partners on
5 account of their partnership interests and liabilities for which
6 recourse of creditors is limited to specified property of the limited
7 partnership, except that the fair value of property that is subject to
8 a liability for which the recourse of creditors is limited shall be
9 included in the assets of the limited partnership only to the extent
10 that the fair value of that property exceeds that liability.

11 (3) A limited partnership may base a determination that a
12 distribution is not prohibited under subsection (2) of this section on
13 financial statements prepared on the basis of accounting practices and
14 principles that are reasonable in the circumstances or on a fair
15 valuation or other method that is reasonable in the circumstances.

16 (4) Except as otherwise provided in subsection (7) of this section,
17 the effect of a distribution under subsection (2) of this section is
18 measured:

19 (a) In the case of distribution by purchase, redemption, or other
20 acquisition of a transferable interest in the limited partnership, as
21 of the date money or other property is transferred or debt incurred by
22 the limited partnership; and

23 (b) In all other cases, as of the date:
24 (i) The distribution is authorized, if the payment occurs within
25 one hundred twenty days after that date; or
26 (ii) The payment is made, if payment occurs more than one hundred
27 twenty days after the distribution is authorized.

28 (5) A limited partnership's indebtedness to a partner incurred by
29 reason of a distribution made in accordance with this section is at
30 parity with the limited partnership's indebtedness to its general,
31 unsecured creditors.

32 (6) A limited partnership's indebtedness, including indebtedness
33 issued in connection with or as part of a distribution, is not
34 considered a liability for purposes of subsection (2) of this section
35 if the terms of the indebtedness provide that payment of principal and
36 interest are made only to the extent that a distribution could then be
37 made to partners under this section.

1 (7) If indebtedness is issued as a distribution, each payment of
2 principal or interest on the indebtedness is treated as a distribution,
3 the effect of which is measured on the date the payment is made.

4 NEW SECTION. **Sec. 509.** LIABILITY FOR IMPROPER DISTRIBUTIONS. (1)

5 A general partner that consents to a distribution made in violation of
6 section 508 of this act is personally liable to the limited partnership
7 for the amount of the distribution which exceeds the amount that could
8 have been distributed without the violation if it is established that
9 in consenting to the distribution the general partner failed to comply
10 with section 408 of this act.

11 (2) A partner or transferee that received a distribution knowing
12 that the distribution to that partner or transferee was made in
13 violation of section 508 of this act is personally liable to the
14 limited partnership but only to the extent that the distribution
15 received by the partner or transferee exceeded the amount that could
16 have been properly paid under section 508 of this act.

17 (3) A general partner against which an action is commenced under
18 subsection (1) of this section may:

19 (a) Implead in the action any other person that is liable under
20 subsection (1) of this section and compel contribution from the person;
21 and

22 (b) Implead in the action any person that received a distribution
23 in violation of subsection (2) of this section and compel contribution
24 from the person in the amount the person received in violation of
25 subsection (2) of this section.

26 (4) An action under this section is barred if it is not commenced
27 within two years after the distribution.

28 **ARTICLE 6**
29 **DISSOCIATION**

30 NEW SECTION. **Sec. 601.** DISSOCIATION AS LIMITED PARTNER. (1) A
31 person does not have a right to dissociate as a limited partner before
32 the termination of the limited partnership.

33 (2) A person is dissociated from a limited partnership as a limited
34 partner upon the occurrence of any of the following events:

- 1 (a) The limited partnership's having notice of the person's express
2 will to withdraw as a limited partner or on a later date specified by
3 the person;
- 4 (b) An event agreed to in the partnership agreement as causing the
5 person's dissociation as a limited partner;
- 6 (c) The person's expulsion as a limited partner pursuant to the
7 partnership agreement;
- 8 (d) The person's expulsion as a limited partner by the unanimous
9 consent of the other partners if:
- 10 (i) It is unlawful to carry on the limited partnership's activities
11 with the person as a limited partner;
- 12 (ii) There has been a transfer of all of the person's transferable
13 interest in the limited partnership, other than a transfer for security
14 purposes, or a court order charging the person's interest, which has
15 not been foreclosed;
- 16 (iii) The person is a corporation and, within ninety days after the
17 limited partnership notifies the person that it will be expelled as a
18 limited partner because it has filed a certificate of dissolution or
19 the equivalent, its charter has been revoked, or its right to conduct
20 business has been suspended by the jurisdiction of its incorporation,
21 there is no revocation of the certificate of dissolution or no
22 reinstatement of its charter or its right to conduct business; or
- 23 (iv) The person is a limited liability company or partnership that
24 has been dissolved and whose business is being wound up;
- 25 (e) On application by the limited partnership, the person's
26 expulsion as a limited partner by judicial order because:
- 27 (i) The person engaged in wrongful conduct that adversely and
28 materially affected the limited partnership's activities;
- 29 (ii) The person willfully or persistently committed a material
30 breach of the partnership agreement or of the obligation of good faith
31 and fair dealing under section 305(2) of this act; or
- 32 (iii) The person engaged in conduct relating to the limited
33 partnership's activities which makes it not reasonably practicable to
34 carry on the activities with the person as limited partner;
- 35 (f) In the case of a person who is an individual, the person's
36 death;
- 37 (g) In the case of a person that is a trust or is acting as a

1 limited partner by virtue of being a trustee of a trust, distribution
2 of the trust's entire transferable interest in the limited partnership,
3 but not merely by reason of the substitution of a successor trustee;

4 (h) In the case of a person that is an estate or is acting as a
5 limited partner by virtue of being a personal representative of an
6 estate, distribution of the estate's entire transferable interest in
7 the limited partnership, but not merely by reason of the substitution
8 of a successor personal representative;

9 (i) Termination of a limited partner that is not an individual,
10 partnership, limited liability company, corporation, trust, or estate;

11 (j) The limited partnership's participation in a conversion or
12 merger under article 11 of this chapter, if the limited partnership:

13 (i) Is not the converted or surviving entity; or

14 (ii) Is the converted or surviving entity but, as a result of the
15 conversion or merger, the person ceases to be a limited partner.

16 NEW SECTION. **Sec. 602.** EFFECT OF DISSOCIATION AS LIMITED PARTNER.

17 (1) Upon a person's dissociation as a limited partner:

18 (a) Subject to section 704 of this act, the person does not have
19 further rights as a limited partner;

20 (b) The person's obligation of good faith and fair dealing as a
21 limited partner under section 305(2) of this act continues only as to
22 matters arising and events occurring before the dissociation; and

23 (c) Subject to section 704 of this act and article 11 of this
24 chapter, any transferable interest owned by the person in the person's
25 capacity as a limited partner immediately before dissociation is owned
26 by the person as a mere transferee.

27 (2) A person's dissociation as a limited partner does not of itself
28 discharge the person from any obligation to the limited partnership or
29 the other partners which the person incurred while a limited partner.

30 NEW SECTION. **Sec. 603.** DISSOCIATION AS GENERAL PARTNER. A person
31 is dissociated from a limited partnership as a general partner upon the
32 occurrence of any of the following events:

33 (1) The limited partnership's having notice of the person's express
34 will to withdraw as a general partner or on a later date specified by
35 the person;

1 (2) An event agreed to in the partnership agreement as causing the
2 person's dissociation as a general partner;

3 (3) The person's expulsion as a general partner pursuant to the
4 partnership agreement;

5 (4) The person's expulsion as a general partner by the unanimous
6 consent of the other partners if:

7 (a) It is unlawful to carry on the limited partnership's activities
8 with the person as a general partner;

9 (b) There has been a transfer of all or substantially all of the
10 person's transferable interest in the limited partnership, other than
11 a transfer for security purposes, or a court order charging the
12 person's interest, which has not been foreclosed;

13 (c) The person is a corporation and, within ninety days after the
14 limited partnership notifies the person that it will be expelled as a
15 general partner because it has filed a certificate of dissolution or
16 the equivalent, its charter has been revoked, or its right to conduct
17 business has been suspended by the jurisdiction of its incorporation,
18 there is no revocation of the certificate of dissolution or no
19 reinstatement of its charter or its right to conduct business; or

20 (d) The person is a limited liability company or partnership that
21 has been dissolved and whose business is being wound up;

22 (5) On application by the limited partnership, the person's
23 expulsion as a general partner by judicial determination because:

24 (a) The person engaged in wrongful conduct that adversely and
25 materially affected the limited partnership activities;

26 (b) The person willfully or persistently committed a material
27 breach of the partnership agreement or of a duty owed to the
28 partnership or the other partners under section 408 of this act; or

29 (c) The person engaged in conduct relating to the limited
30 partnership's activities which makes it not reasonably practicable to
31 carry on the activities of the limited partnership with the person as
32 a general partner;

33 (6) The person's:

34 (a) Becoming a debtor in bankruptcy;

35 (b) Execution of an assignment for the benefit of creditors;

36 (c) Seeking, consenting to, or acquiescing in the appointment of a
37 trustee, receiver, or liquidator of the person or of all or
38 substantially all of the person's property; or

1 (d) Failure, within ninety days after the appointment, to have
2 vacated or stayed the appointment of a trustee, receiver, or liquidator
3 of the general partner or of all or substantially all of the person's
4 property obtained without the person's consent or acquiescence, or
5 failing within ninety days after the expiration of a stay to have the
6 appointment vacated;

7 (7) In the case of a person who is an individual:

8 (a) The person's death;

9 (b) The appointment of a guardian or general conservator for the
10 person; or

11 (c) A judicial determination that the person has otherwise become
12 incapable of performing the person's duties as a general partner under
13 the partnership agreement;

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

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

23 (10) Termination of a general partner that is not an individual,
24 partnership, limited liability company, corporation, trust, or estate;
25 or

26 (11) The limited partnership's participation in a conversion or
27 merger under article 11 of this chapter, if the limited partnership:

28 (a) Is not the converted or surviving entity; or

29 (b) Is the converted or surviving entity but, as a result of the
30 conversion or merger, the person ceases to be a general partner.

31 NEW SECTION. **Sec. 604.** PERSON'S POWER TO DISSOCIATE AS GENERAL
32 PARTNER--WRONGFUL DISSOCIATION. (1) A person has the power to
33 dissociate as a general partner at any time, rightfully or wrongfully,
34 by express will pursuant to section 603(1) of this act.

35 (2) A person's dissociation as a general partner is wrongful only
36 if:

1 (a) It is in breach of an express provision of the partnership
2 agreement; or
3 (b) It occurs before the termination of the limited partnership,
4 and:
5 (i) The person withdraws as a general partner by express will;
6 (ii) The person is expelled as a general partner by judicial
7 determination under section 603(5) of this act;
8 (iii) The person is dissociated as a general partner as a result of
9 an event described in section 603(6) of this act; or
10 (iv) In the case of a person that is not an individual, trust other
11 than a business trust, or estate, the person is expelled or otherwise
12 dissociated as a general partner because it willfully dissolved or
13 terminated.
14 (3) A person that wrongfully dissociates as a general partner is
15 liable to the limited partnership and, subject to section 1001 of this
16 act, to the other partners for damages caused by the dissociation. The
17 liability is in addition to any other obligation of the general partner
18 to the limited partnership or to the other partners.

19 NEW SECTION. **Sec. 605.** EFFECT OF DISSOCIATION AS GENERAL PARTNER.

20 (1) Upon a person's dissociation as a general partner:
21 (a) The person's right to participate as a general partner in the
22 management and conduct of the partnership's activities terminates;
23 (b) The person's duty of loyalty as a general partner under section
24 408(2)(c) of this act terminates;
25 (c) The person's duty of loyalty as a general partner under section
26 408(2) (a) and (b) of this act and duty of care under section 408(3) of
27 this act continue only with regard to matters arising and events
28 occurring before the person's dissociation as a general partner;
29 (d) The person may sign and deliver to the secretary of state for
30 filing a statement of dissociation pertaining to the person and, at the
31 request of the limited partnership, shall sign an amendment to the
32 certificate of limited partnership which states that the person has
33 dissociated; and
34 (e) Subject to section 704 of this act and article 11 of this
35 chapter, any transferable interest owned by the person immediately
36 before dissociation in the person's capacity as a general partner is
37 owned by the person as a mere transferee.

1 (2) A person's dissociation as a general partner does not of itself
2 discharge the person from any obligation to the limited partnership or
3 the other partners which the person incurred while a general partner.

4 NEW SECTION. **Sec. 606.** POWER TO BIND AND LIABILITY TO LIMITED
5 PARTNERSHIP BEFORE DISSOLUTION OF PARTNERSHIP OF PERSON DISSOCIATED AS
6 GENERAL PARTNER. (1) After a person is dissociated as a general
7 partner and before the limited partnership is dissolved, converted
8 under article 11 of this chapter, or merged out of existence under
9 article 11 of this chapter, the limited partnership is bound by an act
10 of the person only if:

11 (a) The act would have bound the limited partnership under section
12 402 of this act before the dissociation; and

13 (b) At the time the other party enters into the transaction:

14 (i) Less than two years have passed since the dissociation; and

15 (ii) The other party does not have notice of the dissociation and
16 reasonably believes that the person is a general partner.

17 (2) If a limited partnership is bound under subsection (1) of this
18 section, the person dissociated as a general partner which caused the
19 limited partnership to be bound is liable:

20 (a) To the limited partnership for any damage caused to the limited
21 partnership arising from the obligation incurred under subsection (1)
22 of this section; and

23 (b) If a general partner or another person dissociated as a general
24 partner is liable for the obligation, to the general partner or other
25 person for any damage caused to the general partner or other person
26 arising from the liability.

27 NEW SECTION. **Sec. 607.** LIABILITY TO OTHER PERSONS OF PERSON
28 DISSOCIATED AS GENERAL PARTNER. (1) A person's dissociation as a
29 general partner does not of itself discharge the person's liability as
30 a general partner for an obligation of the limited partnership incurred
31 before dissociation. Except as otherwise provided in subsections (2)
32 and (3) of this section, the person is not liable for a limited
33 partnership's obligation incurred after dissociation.

34 (2) A person whose dissociation as a general partner resulted in a
35 dissolution and winding up of the limited partnership's activities is

1 liable to the same extent as a general partner under section 404 of
2 this act on an obligation incurred by the limited partnership under
3 section 804 of this act.

4 (3) A person that has dissociated as a general partner but whose
5 dissociation did not result in a dissolution and winding up of the
6 limited partnership's activities is liable on a transaction entered
7 into by the limited partnership after the dissociation only if:

8 (a) A general partner would be liable on the transaction; and

9 (b) At the time the other party enters into the transaction:

10 (i) Less than two years have passed since the dissociation; and

11 (ii) The other party does not have notice of the dissociation and
12 reasonably believes that the person is a general partner.

13 (4) By agreement with a creditor of a limited partnership and the
14 limited partnership, a person dissociated as a general partner may be
15 released from liability for an obligation of the limited partnership.

16 (5) A person dissociated as a general partner is released from
17 liability for an obligation of the limited partnership if the limited
18 partnership's creditor, with notice of the person's dissociation as a
19 general partner but without the person's consent, agrees to a material
20 alteration in the nature or time of payment of the obligation.

21 ARTICLE 7

22 TRANSFERABLE INTERESTS AND RIGHTS OF TRANSFEREES AND CREDITORS

23 NEW SECTION. **Sec. 701.** PARTNER'S TRANSFERABLE INTEREST. The only
24 interest of a partner which is transferable is the partner's
25 transferable interest. A transferable interest is personal property.

26 NEW SECTION. **Sec. 702.** TRANSFER OF PARTNER'S TRANSFERABLE
27 INTEREST. (1) A transfer, in whole or in part, of a partner's
28 transferable interest:

29 (a) Is permissible;

30 (b) Does not by itself cause the partner's dissociation or a
31 dissolution and winding up of the limited partnership's activities; and

32 (c) Does not, as against the other partners or the limited
33 partnership, entitle the transferee to participate in the management or
34 conduct of the limited partnership's activities, to require access to
35 information concerning the limited partnership's transactions except as

1 otherwise provided in subsection (3) of this section, or to inspect or
2 copy the required information or the limited partnership's other
3 records.

4 (2) A transferee has a right to receive, in accordance with the
5 transfer:

6 (a) Distributions to which the transferor would otherwise be
7 entitled; and

8 (b) Upon the dissolution and winding up of the limited
9 partnership's activities the net amount otherwise distributable to the
10 transferor.

11 (3) In a dissolution and winding up, a transferee is entitled to an
12 account of the limited partnership's transactions only from the date of
13 dissolution.

14 (4) Upon transfer, the transferor retains the rights of a partner
15 other than the interest in distributions transferred and retains all
16 duties and obligations of a partner.

17 (5) A limited partnership need not give effect to a transferee's
18 rights under this section until the limited partnership has notice of
19 the transfer.

20 (6) A transfer of a partner's transferable interest in the limited
21 partnership in violation of a restriction on transfer contained in the
22 partnership agreement is ineffective as to a person having notice of
23 the restriction at the time of transfer.

24 (7) A transferee that becomes a partner with respect to a
25 transferable interest is liable for the transferor's obligations under
26 sections 502 and 509 of this act. However, the transferee is not
27 obligated for liabilities unknown to the transferee at the time the
28 transferee became a partner.

29 NEW SECTION. **Sec. 703.** RIGHTS OF CREDITOR OF PARTNER OR
30 TRANSFEREE. (1) On application to a court of competent jurisdiction by
31 any judgment creditor of a partner or transferee, the court may charge
32 the transferable interest of the judgment debtor with payment of the
33 unsatisfied amount of the judgment with interest. To the extent so
34 charged, the judgment creditor has only the rights of a transferee.
35 The court may appoint a receiver of the share of the distributions due
36 or to become due to the judgment debtor in respect of the partnership

1 and make all other orders, directions, accounts, and inquiries the
2 judgment debtor might have made or which the circumstances of the case
3 may require to give effect to the charging order.

4 (2) A charging order constitutes a lien on the judgment debtor's
5 transferable interest. The court may order a foreclosure upon the
6 interest subject to the charging order at any time. The purchaser at
7 the foreclosure sale has the rights of a transferee.

8 (3) At any time before foreclosure, an interest charged may be
9 redeemed:

10 (a) By the judgment debtor;

11 (b) With property other than limited partnership property, by one
12 or more of the other partners; or

13 (c) With limited partnership property, by the limited partnership
14 with the consent of all partners whose interests are not so charged.

15 (4) This chapter does not deprive any partner or transferee of the
16 benefit of any exemption laws applicable to the partner's or
17 transferee's transferable interest.

18 (5) This section provides the exclusive remedy by which a judgment
19 creditor of a partner or transferee may satisfy a judgment out of the
20 judgment debtor's transferable interest.

21 NEW SECTION. **Sec. 704.** POWER OF ESTATE OF DECEASED PARTNER. If
22 a partner dies, the deceased partner's personal representative or other
23 legal representative may exercise the rights of a transferee as
24 provided in section 702 of this act and, for the purposes of settling
25 the estate, may exercise the rights of a current limited partner under
26 section 304 of this act.

27 **ARTICLE 8**
28 **DISSOLUTION**

29 NEW SECTION. **Sec. 801.** NONJUDICIAL DISSOLUTION. Except as
30 otherwise provided in section 802 of this act, a limited partnership is
31 dissolved, and its activities must be wound up, only upon the
32 occurrence of any of the following:

33 (1) The happening of an event specified in the partnership
34 agreement;

1 (2) The consent of all general partners and of limited partners
2 owning a majority of the rights to receive distributions as limited
3 partners at the time the consent is to be effective;

4 (3) The passage of ninety days after the dissociation of a person
5 as a general partner if following such dissolution the limited
6 partnership does not have a remaining general partner unless before the
7 end of the period:

8 (a) Consent to continue the activities of the limited partnership
9 and admit at least one general partner is given by limited partners
10 owning a majority of the rights to receive distributions as limited
11 partners at the time the consent is to be effective; and

12 (b) At least one person is admitted as a general partner in
13 accordance with the consent;

14 (4) The passage of ninety days after the dissociation of the
15 limited partnership's last limited partner, unless before the end of
16 the period the limited partnership admits at least one limited partner;
17 or

18 (5) The signing and filing of a declaration of dissolution by the
19 secretary of state under section 809(3) of this act.

20 NEW SECTION. **Sec. 802.** JUDICIAL DISSOLUTION. On application by
21 a partner the Thurston county superior court may order dissolution of
22 a limited partnership if it is not reasonably practicable to carry on
23 the activities of the limited partnership in conformity with the
24 partnership agreement.

25 NEW SECTION. **Sec. 803.** WINDING UP. (1) A limited partnership
26 continues after dissolution only for the purpose of winding up its
27 activities.

28 (2) In winding up its activities, the limited partnership:

29 (a) May amend its certificate of limited partnership to state that
30 the limited partnership is dissolved, preserve the limited partnership
31 business or property as a going concern for a reasonable time,
32 prosecute and defend actions and proceedings, whether civil, criminal,
33 or administrative, transfer the limited partnership's property, settle
34 disputes by mediation or arbitration, file a statement of termination
35 as provided in section 203 of this act, and perform other necessary
36 acts; and

1 (b) Shall discharge the limited partnership's liabilities, settle
2 and close the limited partnership's activities, and marshal and
3 distribute the assets of the partnership.

4 (3) If a dissolved limited partnership does not have a general
5 partner, a person to wind up the dissolved limited partnership's
6 activities may be appointed by the consent of limited partners owning
7 a majority of the rights to receive distributions as limited partners
8 at the time the consent is to be effective. A person appointed under
9 this subsection:

10 (a) Has the powers of a general partner under section 804 of this
11 act; and

12 (b) Shall promptly amend the certificate of limited partnership to
13 state:

14 (i) That the limited partnership does not have a general partner;

15 (ii) The name of the person that has been appointed to wind up the
16 limited partnership; and

17 (iii) The street and mailing address of the person.

18 (4) On the application of any partner, or, if there are no
19 partners, any transferee of a partner's transferable interest, the
20 Thurston county superior court may order judicial supervision of the
21 winding up, including the appointment of a person to wind up the
22 dissolved limited partnership's activities, if:

23 (a) A limited partnership does not have a general partner and
24 within a reasonable time following the dissolution no person has been
25 appointed pursuant to subsection (3) of this section; or

26 (b) The applicant establishes other good cause.

27 NEW SECTION. **Sec. 804.** POWER OF GENERAL PARTNER AND PERSON
28 DISSOCIATED AS GENERAL PARTNER TO BIND PARTNERSHIP AFTER DISSOLUTION.

29 (1) A limited partnership is bound by a general partner's act after
30 dissolution which:

31 (a) Is appropriate for winding up the limited partnership's
32 activities; or

33 (b) Would have bound the limited partnership under section 402 of
34 this act before dissolution, if, at the time the other party enters
35 into the transaction, the other party does not have notice of the
36 dissolution.

1 (2) A person dissociated as a general partner binds a limited
2 partnership through an act occurring after dissolution if:

3 (a) At the time the other party enters into the transaction:

4 (i) Less than two years have passed since the dissociation; and

5 (ii) The other party does not have notice of the dissociation and
6 reasonably believes that the person is a general partner; and

7 (b) The act:

8 (i) Is appropriate for winding up the limited partnership's
9 activities; or

10 (ii) Would have bound the limited partnership under section 402 of
11 this act before dissolution and at the time the other party enters into
12 the transaction the other party does not have notice of the
13 dissolution.

14 NEW SECTION. **Sec. 805.** LIABILITY AFTER DISSOLUTION OF GENERAL
15 PARTNER AND PERSON DISSOCIATED AS GENERAL PARTNER TO LIMITED
16 PARTNERSHIP, OTHER GENERAL PARTNERS, AND PERSONS DISSOCIATED AS GENERAL
17 PARTNER. (1) If a general partner having knowledge of the dissolution
18 causes a limited partnership to incur an obligation under section
19 804(1) of this act by an act that is not appropriate for winding up the
20 partnership's activities, the general partner is liable:

21 (a) To the limited partnership for any damage caused to the limited
22 partnership arising from the obligation; and

23 (b) If another general partner or a person dissociated as a general
24 partner is liable for the obligation, to that other general partner or
25 person for any damage caused to that other general partner or person
26 arising from the liability.

27 (2) If a person dissociated as a general partner causes a limited
28 partnership to incur an obligation under section 804(2) of this act,
29 the person is liable:

30 (a) To the limited partnership for any damage caused to the limited
31 partnership arising from the obligation; and

32 (b) If a general partner or another person dissociated as a general
33 partner is liable for the obligation, to the general partner or other
34 person for any damage caused to the general partner or other person
35 arising from the liability.

1 NEW SECTION. **Sec. 806.** KNOWN CLAIMS AGAINST DISSOLVED LIMITED
2 PARTNERSHIP. (1) A dissolved limited partnership may dispose of the
3 known claims against it by following the procedure described in
4 subsection (2) of this section.

5 (2) A dissolved limited partnership may notify its known claimants
6 of the dissolution in a record. The notice must:

7 (a) Specify the information required to be included in a claim;

8 (b) Provide a mailing address to which the claim is to be sent;

9 (c) State the deadline for receipt of the claim, which may not be
10 less than one hundred twenty days after the date the notice is received
11 by the claimant;

12 (d) State that the claim will be barred if not received by the
13 deadline; and

14 (e) Unless the limited partnership has been throughout its
15 existence a limited liability limited partnership, state that the
16 barring of a claim against the limited partnership will also bar any
17 corresponding claim against any general partner or person dissociated
18 as a general partner which is based on section 404 of this act.

19 (3) A claim against a dissolved limited partnership is barred if
20 the requirements of subsection (2) of this section are met and:

21 (a) The claim is not received by the specified deadline; or

22 (b) In the case of a claim that is timely received but rejected by
23 the dissolved limited partnership, the claimant does not commence an
24 action to enforce the claim against the limited partnership within
25 ninety days after the receipt of the notice of the rejection.

26 (4) This section does not apply to a claim based on an event
27 occurring after the effective date of dissolution or a liability that
28 is contingent on that date.

29 NEW SECTION. **Sec. 807.** OTHER CLAIMS AGAINST DISSOLVED LIMITED
30 PARTNERSHIP. (1) A dissolved limited partnership may publish notice of
31 its dissolution and request persons having claims against the limited
32 partnership to present them in accordance with the notice.

33 (2) The notice must:

34 (a) Be published at least once in a newspaper of general
35 circulation in the county in which the dissolved limited partnership's
36 principal office is located or, if it has none in this state, in the

1 county in which the limited partnership's designated office is or was
2 last located;

3 (b) Describe the information required to be contained in a claim
4 and provide a mailing address to which the claim is to be sent;

5 (c) State that a claim against the limited partnership is barred
6 unless an action to enforce the claim is commenced within three years
7 after publication of the notice; and

8 (d) Unless the limited partnership has been throughout its
9 existence a limited liability limited partnership, state that the
10 barring of a claim against the limited partnership will also bar any
11 corresponding claim against any general partner or person dissociated
12 as a general partner which is based on section 404 of this act.

13 (3) If a dissolved limited partnership publishes a notice in
14 accordance with subsection (2) of this section, the claim of each of
15 the following claimants is barred unless the claimant commences an
16 action to enforce the claim against the dissolved limited partnership
17 within three years after the publication date of the notice:

18 (a) A claimant that did not receive notice in a record under
19 section 806 of this act;

20 (b) A claimant whose claim was timely sent to the dissolved limited
21 partnership but not acted on; and

22 (c) A claimant whose claim is contingent or based on an event
23 occurring after the effective date of dissolution.

24 (4) A claim not barred under this section may be enforced:

25 (a) Against the dissolved limited partnership, to the extent of its
26 undistributed assets;

27 (b) If the assets have been distributed in liquidation, against a
28 partner or transferee to the extent of that person's proportionate
29 share of the claim or the limited partnership's assets distributed to
30 the partner or transferee in liquidation, whichever is less, but a
31 person's total liability for all claims under this subsection (4)(b)
32 does not exceed the total amount of assets distributed to the person as
33 part of the winding up of the dissolved limited partnership; or

34 (c) Against any person liable on the claim under section 404 of
35 this act.

36 NEW SECTION. **Sec. 808.** LIABILITY OF GENERAL PARTNER AND PERSON
37 DISSOCIATED AS GENERAL PARTNER WHEN CLAIM AGAINST LIMITED PARTNERSHIP

1 BARRED. If a claim against a dissolved limited partnership is barred
2 under section 806 or 807 of this act, any corresponding claim under
3 section 404 of this act is also barred.

4 NEW SECTION. **Sec. 809.** ADMINISTRATIVE DISSOLUTION. (1) The
5 secretary of state may dissolve a limited partnership administratively
6 if the limited partnership does not:

7 (a) Within sixty days after the due date:

8 (i) Pay any fee, tax, or penalty due to the secretary of state
9 under this chapter or other law; or

10 (ii) Deliver its annual report to the secretary of state;

11 (b) Maintain a registered agent and registered office as required
12 under section 114 of this act; or

13 (c) Notify the secretary of state that its registered agent or
14 registered office has been changed, that its registered agent has
15 resigned, or that its registered office has been discontinued.

16 (2) If the secretary of state determines that grounds exist for
17 administratively dissolving a limited partnership, the secretary of
18 state shall send notice of the grounds for dissolution to the limited
19 partnership by first-class mail, postage prepaid.

20 (3) If within sixty days after service of the copy the limited
21 partnership does not correct each ground for dissolution or demonstrate
22 to the reasonable satisfaction of the secretary of state that each
23 ground determined by the secretary of state does not exist, the
24 secretary of state shall administratively dissolve the limited
25 partnership. The secretary of state shall send the limited partnership
26 a declaration of administrative dissolution stating the grounds for the
27 dissolution.

28 (4) A limited partnership administratively dissolved continues its
29 existence but may carry on only activities necessary to wind up its
30 activities and liquidate its assets under sections 803 and 811 of this
31 act and to notify claimants under sections 806 and 807 of this act.

32 (5) The administrative dissolution of a limited partnership does
33 not terminate the authority of its agent for service of process.

34 NEW SECTION. **Sec. 810.** REINSTATEMENT FOLLOWING ADMINISTRATIVE
35 DISSOLUTION. (1) A limited partnership that has been administratively

1 dissolved may apply to the secretary of state for reinstatement within
2 five years after the effective date of dissolution. The application
3 must be delivered to the secretary of state for filing and state:

4 (a) The name of the limited partnership and the effective date of
5 its administrative dissolution;

6 (b) That the grounds for dissolution either did not exist or have
7 been eliminated; and

8 (c) That the limited partnership's name satisfies the requirements
9 of section 108 of this act.

10 (2) If the secretary of state determines that an application
11 contains the information required by subsection (1) of this section and
12 that the information is correct, the secretary of state shall prepare
13 a declaration of reinstatement that states this determination, sign and
14 file the original of the declaration of reinstatement, and send a copy
15 of the filed declaration to the limited partnership.

16 (3) When reinstatement becomes effective, it relates back to and
17 takes effect as of the effective date of the administrative dissolution
18 and the limited partnership may resume its activities as if the
19 administrative dissolution had never occurred.

20 NEW SECTION. **Sec. 811.** DISPOSITION OF ASSETS--WHEN CONTRIBUTIONS
21 REQUIRED. (1) In winding up a limited partnership's activities, the
22 assets of the limited partnership, including the contributions required
23 by this section, must be applied to satisfy the limited partnership's
24 obligations to creditors, including, to the extent permitted by law,
25 partners that are creditors.

26 (2) Any surplus remaining after the limited partnership complies
27 with subsection (1) of this section must be paid in cash as a
28 distribution.

29 (3) If a limited partnership's assets are insufficient to satisfy
30 all of its obligations under subsection (1) of this section, with
31 respect to each unsatisfied obligation incurred when the limited
32 partnership was not a limited liability limited partnership, the
33 following rules apply:

34 (a) Each person that was a general partner when the obligation was
35 incurred and that has not been released from the obligation under
36 section 607 of this act shall contribute to the limited partnership for
37 the purpose of enabling the limited partnership to satisfy the

1 obligation. The contribution due from each of those persons is in
2 proportion to the right to receive distributions in the capacity of
3 general partner in effect for each of those persons when the obligation
4 was incurred.

5 (b) If a person does not contribute the full amount required under
6 (a) of this subsection with respect to an unsatisfied obligation of the
7 limited partnership, the other persons required to contribute by (a) of
8 this subsection on account of the obligation shall contribute the
9 additional amount necessary to discharge the obligation. The
10 additional contribution due from each of those other persons is in
11 proportion to the right to receive distributions in the capacity of
12 general partner in effect for each of those other persons when the
13 obligation was incurred.

14 (c) If a person does not make the additional contribution required
15 by (b) of this subsection, further additional contributions are
16 determined and due in the same manner as provided in (b) of this
17 subsection.

18 (4) A person that makes an additional contribution under subsection
19 (3)(b) or (c) of this section may recover from any person whose failure
20 to contribute under subsection (3)(a) or (b) of this section
21 necessitated the additional contribution. A person may not recover
22 under this subsection more than the amount additionally contributed.
23 A person's liability under this subsection may not exceed the amount
24 the person failed to contribute.

25 (5) The estate of a deceased individual is liable for the person's
26 obligations under this section.

27 (6) An assignee for the benefit of creditors of a limited
28 partnership or a partner, or a person appointed by a court to represent
29 creditors of a limited partnership or a partner, may enforce a person's
30 obligation to contribute under subsection (3) of this section.

31 **ARTICLE 9**

32 **FOREIGN LIMITED PARTNERSHIPS**

33 NEW SECTION. **Sec. 901.** GOVERNING LAW. (1) The laws of the state
34 or other jurisdiction under which a foreign limited partnership is
35 organized govern relations among the partners of the foreign limited

1 partnership and between the partners and the foreign limited
2 partnership and the liability of partners as partners for an obligation
3 of the foreign limited partnership.

4 (2) A foreign limited partnership may not be denied a certificate
5 of authority by reason of any difference between the laws of the
6 jurisdiction under which the foreign limited partnership is organized
7 and the laws of this state.

8 (3) A certificate of authority does not authorize a foreign limited
9 partnership to engage in any business or exercise any power that a
10 limited partnership may not engage in or exercise in this state.

11 NEW SECTION. **Sec. 902.** APPLICATION FOR CERTIFICATE OF AUTHORITY.

12 (1) Before transacting business in this state, a foreign limited
13 partnership shall apply for a certificate of authority to transact
14 business in this state by delivering an application to the secretary of
15 state for filing. The application must state:

16 (a) The name of the foreign limited partnership and, if the name
17 does not comply with section 108 of this act, an alternate name adopted
18 pursuant to section 905(1) of this act.

19 (b) The name of the state or other jurisdiction under whose law the
20 foreign limited partnership is organized;

21 (c) The street and mailing address of the foreign limited
22 partnership's principal office and, if the laws of the jurisdiction
23 under which the foreign limited partnership is organized require the
24 foreign limited partnership to maintain an office in that jurisdiction,
25 the street and mailing address of the required office;

26 (d) The name and street and mailing address of the foreign limited
27 partnership's initial agent for service of process in this state;

28 (e) The name and street and mailing address of each of the foreign
29 limited partnership's general partners; and

30 (f) Whether the foreign limited partnership is a foreign limited
31 liability limited partnership.

32 (2) A foreign limited partnership shall deliver with the completed
33 application a certificate of existence or a record of similar import
34 signed by the secretary of state or other official having custody of
35 the foreign limited partnership's publicly filed records in the state
36 or other jurisdiction under whose law the foreign limited partnership
37 is organized.

1 NEW SECTION. **Sec. 903.** ACTIVITIES NOT CONSTITUTING TRANSACTING
2 BUSINESS. (1) Activities of a foreign limited partnership which do not
3 constitute transacting business in this state within the meaning of
4 this article include:

5 (a) Maintaining, defending, and settling an action or proceeding;

6 (b) Holding meetings of its partners or carrying on any other
7 activity concerning its internal affairs;

8 (c) Maintaining accounts in financial institutions;

9 (d) Maintaining offices or agencies for the transfer, exchange, and
10 registration of the foreign limited partnership's own securities or
11 maintaining trustees or depositories with respect to those securities;

12 (e) Selling through independent contractors;

13 (f) Soliciting or obtaining orders, whether by mail or electronic
14 means or through employees or agents or otherwise, if the orders
15 require acceptance outside this state before they become contracts and
16 the contracts do not involve any local performance other than delivery
17 and installation;

18 (g) Making loans or creating or acquiring indebtedness, mortgages,
19 or security interests in real or personal property;

20 (h) Securing or collecting debts or enforcing mortgages or other
21 security interests in property securing the debts, and holding,
22 protecting, and maintaining property so acquired;

23 (i) Owning, without more, real or personal property;

24 (j) Conducting an isolated transaction that is completed within
25 thirty days and is not one in the course of similar transactions of a
26 like manner;

27 (k) Owning a controlling interest in a domestic or foreign
28 corporation, or participating as a limited partner of a domestic or
29 foreign limited partnership, or participating as a member or a manager
30 of a domestic or foreign limited liability company, that transacts
31 business in this state; and

32 (1) Transacting business in interstate commerce.

33 (2) The list of activities in subsection (1) of this section is not
34 exhaustive.

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

1 NEW SECTION. **Sec. 904.** FILING OF CERTIFICATE OF AUTHORITY.

2 Unless the secretary of state determines that an application for a
3 certificate of authority does not comply with the filing requirements
4 of this chapter, the secretary of state, upon payment of all filing
5 fees, shall file the application, prepare, sign, and file a certificate
6 of authority to transact business in this state, and send a copy of the
7 filed certificate, together with a receipt for the fees, to the foreign
8 limited partnership or its representative.

9 NEW SECTION. **Sec. 905.** NONCOMPLYING NAME OF FOREIGN LIMITED

10 PARTNERSHIP. (1) A foreign limited partnership whose name does not
11 comply with section 108 of this act may not obtain a certificate of
12 authority until it adopts, for the purpose of transacting business in
13 this state, an alternate name that complies with section 108 of this
14 act. A foreign limited partnership that adopts an alternate name under
15 this subsection and then obtains a certificate of authority with the
16 name need not comply with RCW 19.80.010. After obtaining a certificate
17 of authority with an alternate name, a foreign limited partnership
18 shall transact business in this state under the name unless the foreign
19 limited partnership is authorized under RCW 19.80.010 to transact
20 business in this state under another name.

21 (2) If a foreign limited partnership authorized to transact
22 business in this state changes its name to one that does not comply
23 with section 108 of this act, it may not thereafter transact business
24 in this state until it complies with subsection (1) of this section and
25 obtains an amended certificate of authority.

26 NEW SECTION. **Sec. 906.** REVOCATION OF CERTIFICATE OF AUTHORITY.

27 (1) A certificate of authority of a foreign limited partnership to
28 transact business in this state may be revoked by the secretary of
29 state in the manner provided in subsections (2) and (3) of this section
30 if the foreign limited partnership does not:

31 (a) Pay, within sixty days after the due date, any fee, tax, or
32 penalty due to the secretary of state under this chapter or other law;

33 (b) Deliver, within sixty days after the due date, its annual
34 report required under section 210 of this act;

35 (c) Appoint and maintain an agent for service of process as
36 required by section 114 of this act; or

1 (d) Deliver for filing a statement of a change under section 115 of
2 this act within thirty days after a change has occurred in the name or
3 address of the agent.

4 (2) In order to revoke a certificate of authority, the secretary of
5 state must prepare, sign, and file a notice of revocation and send a
6 copy to the foreign limited partnership's agent for service of process
7 in this state, or if the foreign limited partnership does not appoint
8 and maintain a proper agent in this state, to the foreign limited
9 partnership's designated office. The notice must state:

10 (a) The revocation's effective date, which must be at least sixty
11 days after the date the secretary of state sends the copy; and

12 (b) The foreign limited partnership's failures to comply with
13 subsection (1) of this section which are the reason for the revocation.

14 (3) The authority of the foreign limited partnership to transact
15 business in this state ceases on the effective date of the notice of
16 revocation unless before that date the foreign limited partnership
17 cures each failure to comply with subsection (1) of this section stated
18 in the notice. If the foreign limited partnership cures the failures,
19 the secretary of state shall so indicate on the filed notice.

20 NEW SECTION. Sec. 907. CANCELLATION OF CERTIFICATE OF AUTHORITY--
21 EFFECT OF FAILURE TO HAVE CERTIFICATE. (1) In order to cancel its
22 certificate of authority to transact business in this state, a foreign
23 limited partnership must deliver to the secretary of state for filing
24 a notice of cancellation. The certificate is canceled when the notice
25 becomes effective under section 206 of this act.

26 (2) A foreign limited partnership transacting business in this
27 state may not maintain an action or proceeding in this state unless it
28 has a certificate of authority to transact business in this state.

29 (3) The failure of a foreign limited partnership to have a
30 certificate of authority to transact business in this state does not
31 impair the validity of a contract or act of the foreign limited
32 partnership or prevent the foreign limited partnership from defending
33 an action or proceeding in this state.

34 (4) A partner of a foreign limited partnership is not liable for
35 the obligations of the foreign limited partnership solely by reason of
36 the foreign limited partnership's having transacted business in this
37 state without a certificate of authority.

1 (5) If a foreign limited partnership transacts business in this
2 state without a certificate of authority or cancels its certificate of
3 authority, it appoints the secretary of state as its agent for service
4 of process for rights of action arising out of the transaction of
5 business in this state.

6 NEW SECTION. **Sec. 908.** ACTION BY ATTORNEY GENERAL. The attorney
7 general may maintain an action to restrain a foreign limited
8 partnership from transacting business in this state in violation of
9 this article.

10 **ARTICLE 10**
11 **ACTIONS BY PARTNERS**

12 NEW SECTION. **Sec. 1001.** DIRECT ACTION BY PARTNER. (1) Subject to
13 subsection (2) of this section, a partner may maintain a direct action
14 against the limited partnership or another partner for legal or
15 equitable relief, with or without an accounting as to the partnership's
16 activities, to enforce the rights and otherwise protect the interests
17 of the partner, including rights and interests under the partnership
18 agreement or this chapter or arising independently of the partnership
19 relationship.

20 (2) A partner commencing a direct action under this section is
21 required to plead and prove an actual or threatened injury that is not
22 solely the result of an injury suffered or threatened to be suffered by
23 the limited partnership.

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

28 NEW SECTION. **Sec. 1002.** DERIVATIVE ACTION. A partner may
29 maintain a derivative action to enforce a right of a limited
30 partnership if:

31 (1) The partner first makes a demand on the general partners,
32 requesting that they cause the limited partnership to bring an action
33 to enforce the right, and the general partners do not bring the action
34 within a reasonable time; or

1 (2) A demand would be futile.

2 NEW SECTION. Sec. 1003. PROPER PLAINTIFF. A derivative action
3 may be maintained only by a person that is a partner at the time the
4 action is commenced and:

5 (1) That was a partner when the conduct giving rise to the action
6 occurred; or

7 (2) Whose status as a partner devolved upon the person by operation
8 of law or pursuant to the terms of the partnership agreement from a
9 person that was a partner at the time of the conduct.

10 NEW SECTION. Sec. 1004. PLEADING. In a derivative action, the
11 complaint must state with particularity:

12 (1) The date and content of plaintiff's demand and the general
13 partners' response to the demand; or

14 (2) Why a demand should be excused as futile.

15 NEW SECTION. Sec. 1005. PROCEEDS AND EXPENSES. (1) Except as
16 otherwise provided in subsection (2) of this section:

17 (a) Any proceeds or other benefits of a derivative action, whether
18 by judgment, compromise, or settlement, belong to the limited
19 partnership and not to the derivative plaintiff;

20 (b) If the derivative plaintiff receives any proceeds, the
21 derivative plaintiff shall immediately remit them to the limited
22 partnership.

23 (2) If a derivative action is successful in whole or in part, the
24 court may award the plaintiff reasonable expenses, including reasonable
25 attorneys' fees, from the recovery of the limited partnership.

26 **ARTICLE 11**
27 **CONVERSION AND MERGER**

28 NEW SECTION. Sec. 1101. DEFINITIONS. In this article:

29 (1) "Constituent limited partnership" means a constituent
30 organization that is a limited partnership.

31 (2) "Constituent organization" means an organization that is party
32 to a merger.

1 (3) "Converted organization" means the organization into which a
2 converting organization converts pursuant to sections 1102 through 1105
3 of this act.

4 (4) "Converting limited partnership" means a converting
5 organization that is a limited partnership.

6 (5) "Converting organization" means an organization that converts
7 into another organization pursuant to section 1102 of this act.

8 (6) "General partner" means a general partner of a limited
9 partnership.

10 (7) "Governing statute" of an organization means the statute that
11 governs the organization's internal affairs.

12 (8) "Organization" means a general partnership, including a limited
13 liability partnership; limited partnership, including a limited
14 liability limited partnership; limited liability company; business
15 trust; corporation; or any other person having a governing statute.
16 The term includes domestic and foreign organizations whether or not
17 organized for profit.

18 (9) "Organizational documents" means:

19 (a) For a domestic or foreign general partnership, its partnership
20 agreement;

21 (b) For a limited partnership or foreign limited partnership, its
22 certificate of limited partnership and partnership agreement;

23 (c) For a domestic or foreign limited liability company, its
24 certificate of formation and limited liability company agreement, or
25 comparable records as provided in its governing statute;

26 (d) For a business trust, its agreement of trust and declaration of
27 trust;

28 (e) For a domestic or foreign corporation for profit, its articles
29 of incorporation, bylaws, and other agreements among its shareholders
30 which are authorized by its governing statute, or comparable records as
31 provided in its governing statute; and

32 (f) For any other organization, the basic records that create the
33 organization and determine its internal governance and the relations
34 among the persons that own it, have an interest in it, or are members
35 of it.

36 (10) "Personal liability" means personal liability for a debt,
37 liability, or other obligation of an organization which is imposed on

1 a person that co-owns, has an interest in, or is a member of the
2 organization:

3 (a) By the organization's governing statute solely by reason of the
4 person co-owning, having an interest in, or being a member of the
5 organization; or

6 (b) By the organization's organizational documents under a
7 provision of the organization's governing statute authorizing those
8 documents to make one or more specified persons liable for all or
9 specified debts, liabilities, and other obligations of the organization
10 solely by reason of the person or persons co-owning, having an interest
11 in, or being a member of the organization.

12 (11) "Surviving organization" means an organization into which one
13 or more other organizations are merged.

14 NEW SECTION. **Sec. 1102.** CONVERSION. (1) An organization other
15 than a limited partnership may convert into a limited partnership, and
16 a limited partnership may convert into another organization pursuant to
17 this section and sections 1103 through 1105 of this act and a plan of
18 conversion, if:

19 (a) The other organization's governing statute authorizes the
20 conversion;

21 (b) The conversion is not prohibited by the law of the jurisdiction
22 that enacted the governing statute; and

23 (c) The other organization complies with its governing statute in
24 effecting the conversion.

25 (2) A plan of conversion must be in a record and must include:

26 (a) The name and form of the organization before conversion;

27 (b) The name and form of the organization after conversion;

28 (c) The terms and conditions of the conversion, including the
29 manner and basis for converting interests in the converting
30 organization into any combination of money, interests in the converted
31 organization, and other consideration; and

32 (d) The organizational documents of the converted organization.

33 NEW SECTION. **Sec. 1103.** ACTION ON PLAN OF CONVERSION BY
34 CONVERTING LIMITED PARTNERSHIP. (1) Subject to section 1110 of this
35 act, a plan of conversion must be consented to by all the partners of
36 a converting limited partnership.

1 (2) Subject to section 1110 of this act and any contractual rights,
2 after a conversion is approved, and at any time before a filing is made
3 under section 1104 of this act, a converting limited partnership may
4 amend the plan or abandon the planned conversion:

5 (a) As provided in the plan; and

6 (b) Except as prohibited by the plan, by the same consent as was
7 required to approve the plan.

8 NEW SECTION. **Sec. 1104.** FILINGS REQUIRED FOR CONVERSION--
9 EFFECTIVE DATE. (1) After a plan of conversion is approved:

10 (a) A converting limited partnership shall deliver to the secretary
11 of state for filing articles of conversion, which must include:

12 (i) A statement that the limited partnership has been converted
13 into another organization;

14 (ii) The name and form of the organization and the jurisdiction of
15 its governing statute;

16 (iii) The date the conversion is effective under the governing
17 statute of the converted organization;

18 (iv) A statement that the conversion was approved as required by
19 this chapter;

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

22 (vi) If the converted organization is a foreign organization not
23 authorized to transact business in this state, the street and mailing
24 address of an office which the secretary of state may use for the
25 purposes of section 1105(3) of this act; and

26 (b) If the converting organization is not a converting limited
27 partnership, the converting organization shall deliver to the secretary
28 of state for filing a certificate of limited partnership, which must
29 include, in addition to the information required by section 201 of this
30 act:

31 (i) A statement that the limited partnership was converted from
32 another organization;

33 (ii) The name and form of the organization and the jurisdiction of
34 its governing statute; and

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

37 (2) A conversion becomes effective:

1 (a) If the converted organization is a limited partnership, when
2 the certificate of limited partnership takes effect; and

3 (b) If the converted organization is not a limited partnership, as
4 provided by the governing statute of the converted organization.

5 NEW SECTION. **Sec. 1105.** EFFECT OF CONVERSION. (1) An
6 organization that has been converted pursuant to this article is for
7 all purposes the same entity that existed before the conversion.

8 (2) When a conversion takes effect:

9 (a) All property owned by the converting organization remains
10 vested in the converted organization;

11 (b) All debts, liabilities, and other obligations of the converting
12 organization continue as obligations of the converted organization;

13 (c) An action or proceeding pending by or against the converting
14 organization may be continued as if the conversion had not occurred;

15 (d) Except as prohibited by other law, all of the rights,
16 privileges, immunities, powers, and purposes of the converting
17 organization remain vested in the converted organization;

18 (e) Except as otherwise provided in the plan of conversion, the
19 terms and conditions of the plan of conversion take effect; and

20 (f) Except as otherwise agreed, the conversion does not dissolve a
21 converting limited partnership for the purposes of article 8 of this
22 chapter.

23 (3) A converted organization that is a foreign organization
24 consents to the jurisdiction of the courts of this state to enforce any
25 obligation owed by the converting limited partnership, if before the
26 conversion the converting limited partnership was subject to suit in
27 this state on the obligation. A converted organization that is a
28 foreign organization and not authorized to transact business in this
29 state appoints the secretary of state as its agent for service of
30 process for purposes of enforcing an obligation under this subsection.
31 Service on the secretary of state under this subsection is made in the
32 same manner and with the same consequences as in section 117 (3) and
33 (4) of this act.

34 NEW SECTION. **Sec. 1106.** MERGER. (1) A limited partnership may
35 merge with one or more other constituent organizations pursuant to this

1 section and sections 1107 through 1109 of this act and a plan of
2 merger, if:

3 (a) The governing statute of each of the other organizations
4 authorizes the merger;

5 (b) The merger is not prohibited by the law of a jurisdiction that
6 enacted any of those governing statutes; and

7 (c) Each of the other organizations complies with its governing
8 statute in effecting the merger.

9 (2) A plan of merger must be in a record and must include:

10 (a) The name and form of each constituent organization;

11 (b) The name and form of the surviving organization;

12 (c) The terms and conditions of the merger, including the manner
13 and basis for converting the interests in each constituent organization
14 into any combination of money, interests in the surviving organization,
15 and other consideration; and

16 (d) Any amendments to be made by the merger to the surviving
17 organization's organizational documents.

18 NEW SECTION. **Sec. 1107.** ACTION ON PLAN OF MERGER BY CONSTITUENT
19 LIMITED PARTNERSHIP. (1) Subject to section 1110 of this act, a plan
20 of merger must be consented to by all the partners of a constituent
21 limited partnership.

22 (2) Subject to section 1110 of this act and any contractual rights,
23 after a merger is approved, and at any time before a filing is made
24 under section 1108 of this act, a constituent limited partnership may
25 amend the plan or abandon the planned merger:

26 (a) As provided in the plan; and

27 (b) Except as prohibited by the plan, with the same consent as was
28 required to approve the plan.

29 (3) If a domestic corporation is a party to the merger, the plan of
30 merger shall be adopted and approved as provided in chapter 23B.11 RCW.

31 (4) If a domestic partnership is a party to the merger, the plan of
32 merger shall be approved as provided in RCW 25.05.375.

33 (5) If a domestic limited liability company is a party to the
34 merger, the plan of merger shall be approved as provided in RCW
35 25.15.400.

1 NEW SECTION. **Sec. 1108.** FILINGS REQUIRED FOR MERGER--EFFECTIVE
2 DATE. (1) After each constituent organization has approved a merger,
3 articles of merger must be signed on behalf of:

4 (a) Each constituent limited partnership, by each general partner
5 listed in the certificate of limited partnership; and

6 (b) Each other constituent organization, by an authorized
7 representative.

8 (2) The articles of merger must include:

9 (a) The name and form of each constituent organization and the
10 jurisdiction of its governing statute;

11 (b) The name and form of the surviving organization and the
12 jurisdiction of its governing statute;

13 (c) The date the merger is effective under the governing statute of
14 the surviving organization;

15 (d) Any amendments provided for in the plan of merger for the
16 organizational document that created the surviving organization;

17 (e) A statement as to each constituent organization that the merger
18 was approved as required by the organization's governing statute;

19 (f) If the surviving organization is a foreign organization not
20 authorized to transact business in this state, the street and mailing
21 address of an office which the secretary of state may use for the
22 purposes of section 1109(2) of this act; and

23 (g) Any additional information required by the governing statute of
24 any constituent organization.

25 (3) Each constituent limited partnership shall deliver the articles
26 of merger for filing in the office of the secretary of state.

27 (4) A merger becomes effective under this article:

28 (a) If the surviving organization is a limited partnership, upon
29 the later of:

30 (i) Compliance with subsection (3) of this section; or

31 (ii) Subject to section 206(3) of this act, as specified in the
32 articles of merger; or

33 (b) If the surviving organization is not a limited partnership, as
34 provided by the governing statute of the surviving organization.

35 NEW SECTION. **Sec. 1109.** EFFECT OF MERGER. (1) When a merger
36 becomes effective:

37 (a) The surviving organization continues;

1 (b) Each constituent organization that merges into the surviving
2 organization ceases to exist as a separate entity;

3 (c) All property owned by each constituent organization that ceases
4 to exist vests in the surviving organization;

5 (d) All debts, liabilities, and other obligations of each
6 constituent organization that ceases to exist continue as obligations
7 of the surviving organization;

8 (e) An action or proceeding pending by or against any constituent
9 organization that ceases to exist may be continued as if the merger had
10 not occurred;

11 (f) Except as prohibited by other law, all of the rights,
12 privileges, immunities, powers, and purposes of each constituent
13 organization that ceases to exist vest in the surviving organization;

14 (g) Except as otherwise provided in the plan of merger, the terms
15 and conditions of the plan of merger take effect;

16 (h) Except as otherwise agreed, if a constituent limited
17 partnership ceases to exist, the merger does not dissolve the limited
18 partnership for the purposes of article 8 of this chapter; and

19 (i) Any amendments provided for in the articles of merger for the
20 organizational document that created the surviving organization become
21 effective.

22 (2) A surviving organization that is a foreign organization
23 consents to the jurisdiction of the courts of this state to enforce any
24 obligation owed by a constituent organization, if before the merger the
25 constituent organization was subject to suit in this state on the
26 obligation. A surviving organization that is a foreign organization
27 and not authorized to transact business in this state appoints the
28 secretary of state as its agent for service of process for the purposes
29 of enforcing an obligation under this subsection. Service on the
30 secretary of state under this subsection is made in the same manner and
31 with the same consequences as in section 117 (3) and (4) of this act.

32 NEW SECTION. **Sec. 1110.** RESTRICTIONS ON APPROVAL OF CONVERSIONS
33 AND MERGERS AND ON RELINQUISHING LLLP STATUS. (1) If a partner of a
34 converting or constituent limited partnership will have personal
35 liability with respect to a converted or surviving organization,
36 approval and amendment of a plan of conversion or merger are
37 ineffective without the consent of the partner, unless:

1 (a) The limited partnership's partnership agreement provides for
2 the approval of the conversion or merger with the consent of fewer than
3 all the partners; and

4 (b) The partner has consented to the provision of the partnership
5 agreement.

6 (2) An amendment to a certificate of limited partnership which
7 deletes a statement that the limited partnership is a limited liability
8 limited partnership is ineffective without the consent of each general
9 partner unless:

10 (a) The limited partnership's partnership agreement provides for
11 the amendment with the consent of less than all the general partners;
12 and

13 (b) Each general partner that does not consent to the amendment has
14 consented to the provision of the partnership agreement.

15 (3) A partner does not give the consent required by subsection (1)
16 or (2) of this section merely by consenting to a provision of the
17 partnership agreement which permits the partnership agreement to be
18 amended with the consent of fewer than all the partners.

19 NEW SECTION. **Sec. 1111.** LIABILITY OF GENERAL PARTNER AFTER
20 CONVERSION OR MERGER. (1) A conversion or merger under this article
21 does not discharge any liability under sections 404 and 607 of this act
22 of a person that was a general partner in or dissociated as a general
23 partner from a converting or constituent limited partnership, but:

24 (a) The provisions of this chapter pertaining to the collection or
25 discharge of the liability continue to apply to the liability;

26 (b) For the purposes of applying those provisions, the converted or
27 surviving organization is deemed to be the converting or constituent
28 limited partnership; and

29 (c) If a person is required to pay any amount under this
30 subsection:

31 (i) The person has a right of contribution from each other person
32 that was liable as a general partner under section 404 of this act when
33 the obligation was incurred and has not been released from the
34 obligation under section 607 of this act; and

35 (ii) The contribution due from each of those persons is in
36 proportion to the right to receive distributions in the capacity of

1 general partner in effect for each of those persons when the obligation
2 was incurred.

3 (2) In addition to any other liability provided by law:

4 (a) A person that immediately before a conversion or merger became
5 effective was a general partner in a converting or constituent limited
6 partnership that was not a limited liability limited partnership is
7 personally liable for each obligation of the converted or surviving
8 organization arising from a transaction with a third party after the
9 conversion or merger becomes effective, if, at the time the third party
10 enters into the transaction, the third party:

11 (i) Does not have notice of the conversion or merger; and

12 (ii) Reasonably believes that:

13 (A) The converted or surviving business is the converting or
14 constituent limited partnership;

15 (B) The converting or constituent limited partnership is not a
16 limited liability limited partnership; and

17 (C) The person is a general partner in the converting or
18 constituent limited partnership; and

19 (b) A person that was dissociated as a general partner from a
20 converting or constituent limited partnership before the conversion or
21 merger became effective is personally liable for each obligation of the
22 converted or surviving organization arising from a transaction with a
23 third party after the conversion or merger becomes effective, if:

24 (i) Immediately before the conversion or merger became effective
25 the converting or surviving limited partnership was not a limited
26 liability limited partnership; and

27 (ii) At the time the third party enters into the transaction, less
28 than two years have passed since the person dissociated as a general
29 partner and the third party:

30 (A) Does not have notice of the dissociation;

31 (B) Does not have notice of the conversion or merger; and

32 (C) Reasonably believes that the converted or surviving
33 organization is the converting or constituent limited partnership, the
34 converting or constituent limited partnership is not a limited
35 liability limited partnership, and the person is a general partner in
36 the converting or constituent limited partnership.

1 NEW SECTION. **Sec. 1112.** POWER OF GENERAL PARTNERS AND PERSONS
2 DISSOCIATED AS GENERAL PARTNERS TO BIND ORGANIZATION AFTER CONVERSION
3 OR MERGER. (1) An act of a person that immediately before a conversion
4 or merger became effective was a general partner in a converting or
5 constituent limited partnership binds the converted or surviving
6 organization after the conversion or merger becomes effective, if:

7 (a) Before the conversion or merger became effective, the act would
8 have bound the converting or constituent limited partnership under
9 section 402 of this act; and

10 (b) At the time the third party enters into the transaction, the
11 third party:

12 (i) Does not have notice of the conversion or merger; and

13 (ii) Reasonably believes that the converted or surviving business
14 is the converting or constituent limited partnership and that the
15 person is a general partner in the converting or constituent limited
16 partnership.

17 (2) An act of a person that before a conversion or merger became
18 effective was dissociated as a general partner from a converting or
19 constituent limited partnership binds the converted or surviving
20 organization after the conversion or merger becomes effective, if:

21 (a) Before the conversion or merger became effective, the act would
22 have bound the converting or constituent limited partnership under
23 section 402 of this act if the person had been a general partner; and

24 (b) At the time the third party enters into the transaction, less
25 than two years have passed since the person dissociated as a general
26 partner and the third party:

27 (i) Does not have notice of the dissociation;

28 (ii) Does not have notice of the conversion or merger; and

29 (iii) Reasonably believes that the converted or surviving
30 organization is the converting or constituent limited partnership and
31 that the person is a general partner in the converting or constituent
32 limited partnership.

33 (3) If a person having knowledge of the conversion or merger causes
34 a converted or surviving organization to incur an obligation under
35 subsection (1) or (2) of this section, the person is liable:

36 (a) To the converted or surviving organization for any damage
37 caused to the organization arising from the obligation; and

1 (b) If another person is liable for the obligation, to that other
2 person for any damage caused to that other person arising from the
3 liability.

4 NEW SECTION. Sec. 1113. ARTICLE NOT EXCLUSIVE. This article does
5 not preclude an entity from being converted or merged under other law.

6 **ARTICLE 12**
7 **DISSENTERS' RIGHTS**

8 NEW SECTION. Sec. 1201. DEFINITIONS. In this article:

9 (1) "Limited partnership" means the domestic limited partnership in
10 which the dissenter holds or held a partnership interest, or the
11 surviving organization, whether foreign or domestic, of that limited
12 partnership.

13 (2) "Dissenter" means a partner who is entitled to dissent from a
14 plan of merger and who exercises that right when and in the manner
15 required by this article.

16 (3) "Fair value," with respect to a dissenter's partnership
17 interest, means the value of the partnership interest immediately
18 before the effectuation of the merger to which the dissenter objects,
19 excluding any appreciation or depreciation in anticipation of the
20 merger unless exclusion would be inequitable.

21 (4) "Interest" means interest from the effective date of the merger
22 until the date of payment, at the average rate currently paid by the
23 limited partnership on its principal bank loans or, if none, at a rate
24 that is fair and equitable under all the circumstances.

25 NEW SECTION. Sec. 1202. PARTNER--DISSENT--PAYMENT OF FAIR VALUE.

26 (1) Except as provided in section 1204 or 1206(2) of this act, a
27 partner of a domestic limited partnership is entitled to dissent from,
28 and obtain payment of, the fair value of the partner's partnership
29 interest in the event of consummation of a plan of merger to which the
30 limited partnership is a party as permitted by section 1106 of this
31 act.

32 (2) A partner entitled to dissent and obtain payment for the
33 partner's partnership interest under this article may not challenge the
34 merger creating the partner's entitlement unless the merger fails to

1 comply with the procedural requirements imposed by this chapter, Title
2 23B RCW, chapter 25.05 RCW, chapter 25.15 RCW, or the partnership
3 agreement, or is fraudulent with respect to the partner or the limited
4 partnership.

5 (3) The right of a dissenting partner to obtain payment of the fair
6 value of the partner's partnership interest shall terminate upon the
7 occurrence of any one of the following events:

8 (a) The proposed merger is abandoned or rescinded;

9 (b) A court having jurisdiction permanently enjoins or sets aside
10 the merger; or

11 (c) The partner's demand for payment is withdrawn with the written
12 consent of the limited partnership.

13 NEW SECTION. **Sec. 1203.** DISSENTERS' RIGHTS--NOTICE--TIMING. (1)
14 Not less than ten days prior to the approval of a plan of merger, the
15 limited partnership must send a written notice to all partners who are
16 entitled to vote on or approve the plan of merger that they may be
17 entitled to assert dissenters' rights under this article. Such notice
18 shall be accompanied by a copy of this article.

19 (2) The limited partnership shall notify in writing all partners
20 not entitled to vote on or approve the plan of merger that the plan of
21 merger was approved, and send them the dissenters' notice as required
22 by section 1205 of this act.

23 NEW SECTION. **Sec. 1204.** PARTNER--DISSENT--VOTING RESTRICTION. A
24 partner who is entitled to vote on or approve the plan of merger and
25 who wishes to assert dissenters' rights must not vote in favor of or
26 approve the plan of merger. A partner who does not satisfy the
27 requirements of this section is not entitled to payment for the
28 partner's interest under this article.

29 NEW SECTION. **Sec. 1205.** PARTNERS--DISSENTERS' NOTICE--
30 REQUIREMENTS. (1) If the plan of merger is approved, the limited
31 partnership shall deliver a written dissenters' notice to all partners
32 who satisfied the requirements of section 1204 of this act.

33 (2) The dissenters' notice required by section 1203(2) of this act
34 or by subsection (1) of this section must be sent within ten days after
35 the approval of the plan of merger, and must:

- 1 (a) State where the payment demand must be sent;
- 2 (b) Inform holders of the partnership interest as to the extent
3 transfer of the partnership interest will be restricted as permitted by
4 section 1207 of this act after the payment demand is received;
- 5 (c) Supply a form for demanding payment;
- 6 (d) Set a date by which the limited partnership must receive the
7 payment demand, which date may not be fewer than thirty nor more than
8 sixty days after the date the notice under this section is delivered;
9 and
- 10 (e) Be accompanied by a copy of this article.

11 NEW SECTION. **Sec. 1206.** PARTNER--PAYMENT DEMAND--ENTITLEMENT.

- 12 (1) A partner who demands payment retains all other rights of a partner
13 until the proposed merger becomes effective.
- 14 (2) A partner sent a dissenters' notice who does not demand payment
15 by the date set in the dissenters' notice is not entitled to payment
16 for the partner's partnership interest under this article.

17 NEW SECTION. **Sec. 1207.** PARTNERSHIP INTERESTS--TRANSFER
18 RESTRICTIONS. The limited partnership may restrict the transfer of
19 partnership interests from the date the demand for their payment is
20 received until the proposed merger becomes effective or the restriction
21 is released under this article.

22 NEW SECTION. **Sec. 1208.** PAYMENT OF FAIR VALUE--REQUIREMENTS FOR
23 COMPLIANCE. (1) Within thirty days of the later of the date the
24 proposed merger becomes effective, or the payment demand is received,
25 the limited partnership shall pay each dissenter who complied with
26 section 1206 of this act the amount the limited partnership estimates
27 to be the fair value of the partnership interest, plus accrued
28 interest.

- 29 (2) The payment must be accompanied by:
- 30 (a) Copies of any financial statements for the most recent fiscal
31 year maintained as required by section 111 of this act;
- 32 (b) An explanation of how the limited partnership estimated the
33 fair value of the partnership interest;
- 34 (c) An explanation of how the accrued interest was calculated;
- 35 (d) A statement of the dissenter's right to demand payment; and

1 (e) A copy of this article.

2 NEW SECTION. **Sec. 1209.** MERGER--NOT EFFECTIVE WITHIN SIXTY DAYS--
3 TRANSFER RESTRICTIONS. (1) If the proposed merger does not become
4 effective within sixty days after the date set for demanding payment,
5 the limited partnership shall release any transfer restrictions imposed
6 as permitted by section 1207 of this act.

7 (2) If, after releasing transfer restrictions, the proposed merger
8 becomes effective, the limited partnership must send a new dissenters'
9 notice as provided in sections 1203(2) and 1205 of this act and repeat
10 the payment demand procedure.

11 NEW SECTION. **Sec. 1210.** DISSENTER'S ESTIMATE OF FAIR VALUE--
12 NOTICE. (1) A dissenter may notify the limited partnership in writing
13 of the dissenter's own estimate of the fair value of the dissenter's
14 partnership interest and amount of interest due, and demand payment of
15 the dissenter's estimate, less any payment under section 1208 of this
16 act; if:

17 (a) The dissenter believes that the amount paid is less than the
18 fair value of the dissenter's partnership interest or that the interest
19 due is incorrectly calculated;

20 (b) The limited partnership fails to make payment within sixty days
21 after the date set for demanding payment; or

22 (c) The limited partnership, having failed to effectuate the
23 proposed merger, does not release the transfer restrictions imposed on
24 partnership interests as permitted by section 1207 of this act within
25 sixty days after the date set for demanding payment.

26 (2) A dissenter waives the right to demand payment under this
27 section unless the dissenter notifies the limited partnership of the
28 dissenter's demand in writing under subsection (1)(a) of this section
29 within thirty days after the limited partnership made payment for the
30 dissenter's partnership interest.

31 NEW SECTION. **Sec. 1211.** UNSETTLED DEMAND FOR PAYMENT--
32 PROCEEDING--PARTIES--APPRAISERS. (1) If a demand for payment under
33 section 1210 of this act remains unsettled, the limited partnership
34 shall commence a proceeding within sixty days after receiving the
35 payment demand and petition the court to determine the fair value of

1 the partnership interest and accrued interest. If the limited
2 partnership does not commence the proceeding within the sixty-day
3 period, it shall pay each dissenter whose demand remains unsettled the
4 amount demanded.

5 (2) The limited partnership shall commence the proceeding in the
6 superior court in the county where its office is or was maintained as
7 required by section 114 of this act.

8 (3) The limited partnership shall make all dissenters, whether or
9 not residents of this state, whose demands remain unsettled parties to
10 the proceeding as in an action against their partnership interests and
11 all parties must be served with a copy of the petition. Nonresidents
12 may be served by registered or certified mail or by publication as
13 provided by law.

14 (4) The limited partnership may join as a party to the proceeding
15 any partner who claims to be a dissenter but who has not, in the
16 opinion of the limited partnership, complied with the provisions of
17 this chapter. If the court determines that such partner has not
18 complied with the provisions of this article, the partner shall be
19 dismissed as a party.

20 (5) The jurisdiction of the court in which the proceeding is
21 commenced is plenary and exclusive. The court may appoint one or more
22 persons as appraisers to receive evidence and recommend decisions on
23 the question of fair value. The appraisers have the powers described
24 in the order appointing them or in any amendment to it. The dissenters
25 are entitled to the same discovery rights as parties in other civil
26 proceedings.

27 (6) Each dissenter made a party to the proceeding is entitled to
28 judgment for the amount, if any, by which the court finds the fair
29 value of the dissenter's partnership interest, plus interest, exceeds
30 the amount paid by the limited partnership.

31 NEW SECTION. **Sec. 1212.** UNSETTLED DEMAND FOR PAYMENT--COSTS, FEES
32 AND EXPENSES OF COUNSEL. (1) The court in a proceeding commenced under
33 section 1211 of this act shall determine all costs of the proceeding,
34 including the reasonable compensation and expenses of appraisers
35 appointed by the court. The court shall assess the costs against the
36 limited partnership, except that the court may assess the costs against

1 all or some of the dissenters, in amounts the court finds equitable, to
2 the extent the court finds the dissenters acted arbitrarily,
3 vexatiously, or not in good faith in demanding payment.

4 (2) The court may also assess the fees and expenses of counsel and
5 experts for the respective parties, in amounts the court finds
6 equitable:

7 (a) Against the limited partnership and in favor of any or all
8 dissenters if the court finds the limited partnership did not
9 substantially comply with the requirements of this article; or

10 (b) Against either the limited partnership or a dissenter, in favor
11 of any other party, if the court finds that the party against whom the
12 fees and expenses are assessed acted arbitrarily, vexatiously, or not
13 in good faith with respect to the rights provided by this article.

14 (3) If the court finds that the services of counsel for any
15 dissenter were of substantial benefit to other dissenters similarly
16 situated, and that the fees for those services should not be assessed
17 against the limited partnership, the court may award to these counsel
18 reasonable fees to be paid out of the amounts awarded the dissenters
19 who were benefited.

20 ARTICLE 13

21 MISCELLANEOUS PROVISIONS

22 NEW SECTION. **Sec. 1301.** UNIFORMITY OF APPLICATION AND
23 CONSTRUCTION. In applying and construing this chapter, consideration
24 must be given to the need to promote uniformity of the law with respect
25 to its subject matter among states that enact it.

26 NEW SECTION. **Sec. 1302.** SEVERABILITY CLAUSE. If any provision of
27 this act or its application to any person or circumstance is held
28 invalid, the remainder of the act or the application of the provision
29 to other persons or circumstances is not affected.

30 NEW SECTION. **Sec. 1303.** RELATION TO ELECTRONIC SIGNATURES IN
31 GLOBAL AND NATIONAL COMMERCE ACT. This chapter modifies, limits, or
32 supersedes the federal electronic signatures in global and national
33 commerce act, 15 U.S.C. Sec. 7001 et seq., but this chapter does not

1 modify, limit, or supersede section 101(c) of that chapter or authorize
2 electronic delivery of any of the notices described in section 103(b)
3 of that chapter.

4 NEW SECTION. **Sec. 1304.** EFFECTIVE DATE. This chapter takes
5 effect January 1, 2010.

6 NEW SECTION. **Sec. 1305.** REPEALS. The following acts or parts of
7 acts are each repealed, effective July 1, 2010:

8 (1) RCW 25.10.005 (Periodic reports required--Contents--Due dates--
9 Rules) and 1998 c 277 s 5;

10 (2) RCW 25.10.010 (Definitions) and 2002 c 296 s 2, 1987 c 55 s 1,
11 1982 c 35 s 177, & 1981 c 51 s 1;

12 (3) RCW 25.10.020 (Name) and 1998 c 102 s 8, 1996 c 76 s 1, 1994 c
13 211 s 1309, 1991 c 269 s 1, 1987 c 55 s 2, & 1981 c 51 s 2;

14 (4) RCW 25.10.030 (Reservation of name) and 1991 c 269 s 2 & 1981
15 c 51 s 3;

16 (5) RCW 25.10.040 (Registered office and agent) and 1987 c 55 s 3
17 & 1981 c 51 s 4;

18 (6) RCW 25.10.050 (Records to be kept) and 1987 c 55 s 4 & 1981 c
19 51 s 5;

20 (7) RCW 25.10.060 (Nature of business) and 1981 c 51 s 6;

21 (8) RCW 25.10.070 (Business transactions of partner with the
22 partnership) and 1981 c 51 s 7;

23 (9) RCW 25.10.080 (Certificate of limited partnership) and 2000 c
24 169 s 5, 1987 c 55 s 5, & 1981 c 51 s 8;

25 (10) RCW 25.10.090 (Amendment to certificate--Restatement of
26 certificate) and 1987 c 55 s 6 & 1981 c 51 s 9;

27 (11) RCW 25.10.100 (Cancellation of certificate) and 1991 c 269 s
28 3, 1987 c 55 s 7, & 1981 c 51 s 10;

29 (12) RCW 25.10.110 (Execution of documents) and 1991 c 269 s 4,
30 1987 c 55 s 8, & 1981 c 51 s 11;

31 (13) RCW 25.10.120 (Execution of certificate by judicial act) and
32 1987 c 55 s 9 & 1981 c 51 s 12;

33 (14) RCW 25.10.130 (Filing in office of secretary of state) and
34 1991 c 269 s 5, 1987 c 55 s 10, 1982 c 35 s 178, & 1981 c 51 s 13;

35 (15) RCW 25.10.140 (Liability for false statement in certificate)
36 and 1991 c 269 s 6, 1987 c 55 s 11, & 1981 c 51 s 14;

1 (16) RCW 25.10.150 (Notice) and 1987 c 55 s 12 & 1981 c 51 s 15;
2 (17) RCW 25.10.160 (Delivery of certificates to limited partners)
3 and 1991 c 269 s 7, 1987 c 55 s 13, & 1981 c 51 s 16;
4 (18) RCW 25.10.170 (Admission of limited partners) and 1987 c 55 s
5 14 & 1981 c 51 s 17;
6 (19) RCW 25.10.180 (Voting) and 1981 c 51 s 18;
7 (20) RCW 25.10.190 (Liability to third parties) and 1987 c 55 s 15
8 & 1981 c 51 s 19;
9 (21) RCW 25.10.200 (Person erroneously believing that he or she is
10 limited partner) and 1987 c 55 s 16, 1983 c 302 s 1, & 1981 c 51 s 20;
11 (22) RCW 25.10.210 (Information) and 1991 c 269 s 10, 1987 c 55 s
12 17, & 1981 c 51 s 21;
13 (23) RCW 25.10.220 (Admission of additional general partners) and
14 2000 c 169 s 6 & 1981 c 51 s 22;
15 (24) RCW 25.10.230 (Events of withdrawal of general partner) and
16 2000 c 169 s 7, 1987 c 55 s 18, & 1981 c 51 s 23;
17 (25) RCW 25.10.240 (General powers and liabilities of general
18 partner) and 1987 c 55 s 19, 1983 c 302 s 2, & 1981 c 51 s 24;
19 (26) RCW 25.10.250 (Contributions by a general partner) and 1987 c
20 55 s 20 & 1981 c 51 s 25;
21 (27) RCW 25.10.260 (Voting) and 1981 c 51 s 26;
22 (28) RCW 25.10.270 (Form of contribution) and 1981 c 51 s 27;
23 (29) RCW 25.10.280 (Liability for contributions) and 1987 c 55 s 21
24 & 1981 c 51 s 28;
25 (30) RCW 25.10.290 (Sharing of profits and losses) and 1987 c 55 s
26 22 & 1981 c 51 s 29;
27 (31) RCW 25.10.300 (Sharing of distributions) and 1987 c 55 s 23 &
28 1981 c 51 s 30;
29 (32) RCW 25.10.310 (Interim distributions) and 1987 c 55 s 24, 1982
30 c 35 s 179, & 1981 c 51 s 31;
31 (33) RCW 25.10.320 (Withdrawal of general partner) and 1981 c 51 s
32 32;
33 (34) RCW 25.10.330 (Withdrawal of limited partner) and 1996 c 76 s
34 2, 1987 c 55 s 25, & 1981 c 51 s 33;
35 (35) RCW 25.10.340 (Distribution upon withdrawal) and 1987 c 55 s
36 26 & 1981 c 51 s 34;
37 (36) RCW 25.10.350 (Distribution in kind) and 1987 c 55 s 27 & 1981
38 c 51 s 35;

1 (37) RCW 25.10.360 (Right to distribution) and 1981 c 51 s 36;
2 (38) RCW 25.10.370 (Limitations on distributions) and 1991 c 269 s
3 29, 1987 c 55 s 28, & 1981 c 51 s 37;
4 (39) RCW 25.10.390 (Nature of partnership interest) and 1981 c 51
5 s 39;
6 (40) RCW 25.10.400 (Assignment of partnership interest--Certificate
7 of partnership interest) and 1987 c 55 s 30 & 1981 c 51 s 40;
8 (41) RCW 25.10.410 (Rights of creditor) and 1981 c 51 s 41;
9 (42) RCW 25.10.420 (Right of assignee to become limited partner)
10 and 1987 c 55 s 31 & 1981 c 51 s 42;
11 (43) RCW 25.10.430 (Power of estate of deceased or incompetent
12 partner) and 1981 c 51 s 43;
13 (44) RCW 25.10.440 (Nonjudicial dissolution) and 2000 c 169 s 8,
14 1996 c 76 s 3, 1991 c 269 s 30, 1987 c 55 s 32, & 1981 c 51 s 44;
15 (45) RCW 25.10.450 (Judicial dissolution) and 1981 c 51 s 45;
16 (46) RCW 25.10.453 (Administrative dissolution--Commencement of
17 proceeding) and 1998 c 277 s 3 & 1991 c 269 s 31;
18 (47) RCW 25.10.455 (Administrative dissolution--Notice--Opportunity
19 to correct deficiencies) and 1991 c 269 s 32;
20 (48) RCW 25.10.457 (Administrative dissolution--Reinstatement--
21 Application--When effective) and 1991 c 269 s 33;
22 (49) RCW 25.10.460 (Winding up) and 1981 c 51 s 46;
23 (50) RCW 25.10.470 (Distribution of assets) and 1981 c 51 s 47;
24 (51) RCW 25.10.480 (Law governing) and 1981 c 51 s 48;
25 (52) RCW 25.10.490 (Registration) and 1987 c 55 s 33 & 1981 c 51 s
26 49;
27 (53) RCW 25.10.500 (Issuance of registration) and 1981 c 51 s 50;
28 (54) RCW 25.10.510 (Name--Foreign limited partnership) and 1987 c
29 55 s 34 & 1981 c 51 s 51;
30 (55) RCW 25.10.520 (Changes and amendments) and 1981 c 51 s 52;
31 (56) RCW 25.10.530 (Cancellation of registration) and 1981 c 51 s
32 53;
33 (57) RCW 25.10.540 (Transaction of business without registration)
34 and 1981 c 51 s 54;
35 (58) RCW 25.10.550 (Action by secretary of state) and 1981 c 51 s
36 55;
37 (59) RCW 25.10.553 (Revocation of registration--Commencement of
38 proceeding) and 1998 c 277 s 4 & 1991 c 269 s 43;

1 (60) RCW 25.10.555 (Revocation of registration--Notice--Opportunity
2 to correct deficiencies) and 1991 c 269 s 44;
3 (61) RCW 25.10.560 (Right of action) and 1981 c 51 s 56;
4 (62) RCW 25.10.570 (Proper plaintiff) and 1981 c 51 s 57;
5 (63) RCW 25.10.580 (Pleading) and 1981 c 51 s 58;
6 (64) RCW 25.10.590 (Expenses) and 1981 c 51 s 59;
7 (65) RCW 25.10.600 (Establishment of filing fees and miscellaneous
8 charges) and 1991 c 269 s 12, 1991 c 72 s 48, 1987 c 55 s 35, & 1981 c
9 51 s 60;
10 (66) RCW 25.10.610 (Authority to adopt rules) and 1981 c 51 s 61;
11 (67) RCW 25.10.620 (Construction and application) and 1981 c 51 s
12 62;
13 (68) RCW 25.10.630 (Short title) and 1981 c 51 s 63;
14 (69) RCW 25.10.640 (Severability--1981 c 51) and 1981 c 51 s 64;
15 (70) RCW 25.10.650 (Effective date and extended effective date--
16 1981 c 51) and 1981 c 51 s 65;
17 (71) RCW 25.10.660 (Rules for class not provided for in this
18 chapter) and 2000 c 169 s 9 & 1981 c 51 s 66;
19 (72) RCW 25.10.670 (Application to existing partnerships) and 1981
20 c 51 s 67;
21 (73) RCW 25.10.680 (Effect of invalidity of part of this title) and
22 1981 c 51 s 68;
23 (74) RCW 25.10.690 (Section captions) and 1981 c 51 s 71;
24 (75) RCW 25.10.800 (Merger--Plan--Effective date) and 1998 c 103 s
25 1314 & 1991 c 269 s 11;
26 (76) RCW 25.10.810 (Merger--Plan--Approval) and 1998 c 103 s 1315
27 & 1991 c 269 s 13;
28 (77) RCW 25.10.820 (Articles of merger--Filing) and 1998 c 103 s
29 1316 & 1991 c 269 s 14;
30 (78) RCW 25.10.830 (Effect of merger) and 1998 c 103 s 1317 & 1991
31 c 269 s 15;
32 (79) RCW 25.10.840 (Merger--Foreign and domestic) and 1998 c 103 s
33 1318 & 1991 c 269 s 16;
34 (80) RCW 25.10.900 (Definitions) and 1991 c 269 s 17;
35 (81) RCW 25.10.905 (Partner--Dissent--Payment of fair value) and
36 1991 c 269 s 18;
37 (82) RCW 25.10.910 (Dissenters' rights--Notice--Timing) and 1991 c
38 269 s 19;

1 (83) RCW 25.10.915 (Partner--Dissent--Voting restriction) and 1991
2 c 269 s 20;
3 (84) RCW 25.10.920 (Partners--Dissenters' notice--Requirements) and
4 1991 c 269 s 21;
5 (85) RCW 25.10.925 (Partner--Payment demand--Entitlement) and 1991
6 c 269 s 22;
7 (86) RCW 25.10.930 (Partnership interests--Transfer restrictions)
8 and 1991 c 269 s 23;
9 (87) RCW 25.10.935 (Payment of fair value--Requirements for
10 compliance) and 1991 c 269 s 24;
11 (88) RCW 25.10.940 (Merger--Not effective within sixty days--
12 Transfer restrictions) and 1991 c 269 s 25;
13 (89) RCW 25.10.945 (Dissenter's estimate of fair value--Notice) and
14 1991 c 269 s 26;
15 (90) RCW 25.10.950 (Unsettled demand for payment--Proceeding--
16 Parties--Appraisers) and 1991 c 269 s 27; and
17 (91) RCW 25.10.955 (Unsettled demand for payment--Costs--Fees and
18 expenses of counsel) and 1991 c 269 s 28.

19 NEW SECTION. **Sec. 1306.** APPLICATION TO EXISTING RELATIONSHIPS.

20 (1) Before July 1, 2010, this chapter governs only:

21 (a) A limited partnership formed on or after the effective date of
22 this section; and

23 (b) Except as otherwise provided in subsections (3) and (4) of this
24 section, a limited partnership formed before the effective date of this
25 section which elects, in the manner provided in its partnership
26 agreement or by law for amending the partnership agreement, to be
27 subject to this chapter.

28 (2) Except as otherwise provided in subsection (3) of this section,
29 on and after July 1, 2010, this chapter governs all limited
30 partnerships.

31 (3) With respect to a limited partnership formed before the
32 effective date of this section, the following rules apply except as the
33 partners otherwise elect in the manner provided in the partnership
34 agreement or by law for amending the partnership agreement:

35 (a) Section 104(3) of this act does not apply and the limited
36 partnership has whatever duration it had under the law applicable
37 immediately before the effective date of this section.

1 (b) The limited partnership is not required to amend its
2 certificate of limited partnership to comply with section 201(1)(d) of
3 this act.

4 (c) Sections 601 and 602 of this act do not apply and a limited
5 partner has the same right and power to dissociate from the limited
6 partnership, with the same consequences, as existed immediately before
7 the effective date of this section.

8 (d) Section 603(4) of this act does not apply.

9 (e) Section 603(5) of this act does not apply and a court has the
10 same power to expel a general partner as the court had immediately
11 before the effective date of this section.

12 (f) Section 801(3) of this act does not apply and the connection
13 between a person's dissociation as a general partner and the
14 dissolution of the limited partnership is the same as existed
15 immediately before the effective date of this section.

16 (4) With respect to a limited partnership that elects pursuant to
17 subsection (1)(b) of this section to be subject to this chapter, after
18 the election takes effect the provisions of this chapter relating to
19 the liability of the limited partnership's general partners to third
20 parties apply:

21 (a) Before July 1, 2010, to:

22 (i) A third party that had not done business with the limited
23 partnership in the year before the election took effect; and

24 (ii) A third party that had done business with the limited
25 partnership in the year before the election took effect only if the
26 third party knows or has received a notification of the election; and

27 (b) On and after July 1, 2010, to all third parties, but those
28 provisions remain inapplicable to any obligation incurred while those
29 provisions were inapplicable under (a)(ii) of this subsection.

30 NEW SECTION. **Sec. 1307.** ESTABLISHMENT OF FILING FEES AND
31 MISCELLANEOUS CHARGES. (1) The secretary of state shall adopt rules
32 establishing fees which shall be charged and collected for:

33 (a) Filing of a certificate of limited partnership or an
34 application for a certificate of authority of a foreign limited
35 partnership;

36 (b) Filing of an amendment or restatement of a certificate of
37 domestic or foreign limited partnership;

1 (c) Filing an application to reserve, register, or transfer a
2 limited partnership name;

3 (d) Filing any other certificate, statement, or report authorized
4 or permitted to be filed; and

5 (e) Copies, certified copies, certificates, service of process
6 filings, and expedited filings or other special services.

7 (2) In the establishment of a fee schedule, the secretary of state
8 shall, insofar as is possible and reasonable, be guided by the fee
9 schedule provided for corporations governed by Title 23B RCW.

10 (a) Fees for copies, certified copies, certificates of record, and
11 service of process filings are the same as in RCW 23B.01.220.

12 (b) Fees for reinstatement of a foreign or domestic limited
13 partnership are the same as in RCW 23B.01.560.

14 (c) All fees collected by the secretary of state shall be deposited
15 with the state treasurer pursuant to law.

16 NEW SECTION. **Sec. 1308.** AUTHORITY TO ADOPT RULES. The secretary
17 of state has the power and authority reasonably necessary for the
18 efficient and effective administration of this chapter, including the
19 adoption of rules under chapter 34.05 RCW.

20 NEW SECTION. **Sec. 1309.** SAVINGS CLAUSE. This chapter does not
21 affect an action commenced, proceeding brought, or right accrued before
22 this chapter takes effect.

23 NEW SECTION. **Sec. 1310.** Captions and article headings used in
24 this act are not any part of the law.

25 NEW SECTION. **Sec. 1311.** Sections 101 through 1304 and 1306
26 through 1310 of this act are each added to chapter 25.10 RCW.

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