

1 AN ACT concerning partnerships.

2 Be it enacted by the People of the State of Illinois,  
3 represented in the General Assembly:

4 ARTICLE 1

5 GENERAL PROVISIONS

6 Section 100. Short title. This Act may be cited as the  
7 Uniform Partnership Act (1997).

8 Section 101. Definitions. In this Act:

9 (a) "Business" includes every trade, occupation, and  
10 profession.

11 (b) "Debtor in bankruptcy" means a person who is the  
12 subject of:

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

16 (2) a comparable order under federal, state, or  
17 foreign law governing insolvency.

18 (c) "Distribution" means a transfer of money or other  
19 property from a partnership to a partner in the partner's  
20 capacity as a partner or to the partner's transferee.

21 (d) "Foreign limited liability partnership" means a  
22 partnership that:

23 (1) is formed under laws other than the laws of  
24 this State; and

25 (2) has the status of a limited liability  
26 partnership under those laws.

27 (e) "Limited liability partnership" means a partnership  
28 that has filed a statement of qualification under Section  
29 1001 and does not have a similar statement in effect in any

1 other jurisdiction.

2 (f) "Partnership" means an association of 2 or more  
3 persons to carry on as co-owners a business for profit formed  
4 under Section 202 of this Act, predecessor law, or comparable  
5 law of another jurisdiction.

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

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

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

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

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

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

28 (m) "Statement" means a statement of partnership  
29 authority under Section 303 if this Act, a statement of  
30 denial under Section 304, a statement of dissociation under  
31 Section 704, a statement of dissolution under Section 805, a  
32 statement of merger under Section 907 or 908, a statement of  
33 qualification under Section 1001, a statement of withdrawal  
34 under Section 1001 or 1102, a statement of foreign

1 qualification under Section 1102, or an amendment or  
2 cancellation of any of the foregoing.

3 (n) "Transfer" includes an assignment, conveyance,  
4 lease, mortgage, deed, and encumbrance.

5 Section 102. Knowledge and notice.

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

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

9 (1) knows of it;

10 (2) has received a notification of it; or

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

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

17 (d) A person receives a notification when the  
18 notification:

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

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

23 (e) Except as otherwise provided in subsection (f), a  
24 person other than an individual knows, has notice, or  
25 receives a notification of a fact for purposes of a  
26 particular transaction when the individual conducting the  
27 transaction knows, has notice, or receives a notification of  
28 the fact, or in any event when the fact would have been  
29 brought to the individual's attention if the person had  
30 exercised reasonable diligence. The person exercises  
31 reasonable diligence if it maintains reasonable routines for  
32 communicating significant information to the individual  
33 conducting the transaction and there is reasonable compliance

1 with the routines. Reasonable diligence does not require an  
2 individual acting for the person to communicate information  
3 unless the communication is part of the individual's regular  
4 duties or the individual has reason to know of the  
5 transaction and that the transaction would be materially  
6 affected by the information.

7 (f) A partner's knowledge, notice, or receipt of a  
8 notification of a fact relating to the partnership is  
9 effective immediately as knowledge by, notice to, or receipt  
10 of a notification by the partnership, except in the case of a  
11 fraud on the partnership committed by or with the consent of  
12 that partner.

13 Section 103. Effect of partnership agreement;  
14 nonwaivable provisions.

15 (a) Except as otherwise provided in subsection (b),  
16 relations among the partners and between the partners and the  
17 partnership are governed by the partnership agreement. To the  
18 extent the partnership agreement does not otherwise provide,  
19 this Act governs relations among the partners and between the  
20 partners and the partnership.

21 (b) The partnership agreement may not:

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

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

27 (3) eliminate or reduce a partner's fiduciary  
28 duties, but may:

29 (i) identify specific types or categories of  
30 activities that do not violate these duties, if not  
31 manifestly unreasonable; and

32 (ii) specify the number or percentage of  
33 partners that may authorize or ratify, after full

1 disclosure of all material facts, a specific act or  
2 transaction that otherwise would violate these  
3 duties;

4 (4) eliminate or reduce the obligation of good  
5 faith and fair dealing under Section 404(d), but the  
6 partnership agreement may prescribe the standards by  
7 which the performance of the obligation is to be  
8 measured, if the standards are not manifestly  
9 unreasonable;

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

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

15 (7) vary the requirement to wind up the partnership  
16 business in cases specified in Section 801(4), (5), or  
17 (6);

18 (8) vary the law applicable to a limited liability  
19 partnership under Section 106(b); or

20 (9) restrict the rights of a person, other than a  
21 partner and transferee of a partner's transferable  
22 interest under this Act.

23 Section 104. Supplemental principles of law.

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

26 (b) If an obligation to pay interest arises under this  
27 Act and the rate is not specified, the rate is that specified  
28 in Section 4 of the Interest Act.

29 Section 105. Execution, filing, and recording of  
30 statements.

31 (a) A statement may be filed in the office of the  
32 Secretary of State. A certified copy of a statement that is

1 filed in an office in another State may be filed in the  
2 office of the Secretary of State. Either filing has the  
3 effect provided in this Act with respect to partnership  
4 property located in or transactions that occur in this State.

5 (b) A certified copy of a statement that has been filed  
6 in the office of the Secretary of State and recorded in the  
7 office for recording transfers of real property has the  
8 effect provided for recorded statements in this Act. A  
9 recorded statement that is not a certified copy of a  
10 statement filed in the office of the Secretary of State does  
11 not have the effect provided for recorded statements in this  
12 Act.

13 (c) A statement filed by a partnership must be executed  
14 by at least 2 partners. Other statements must be executed by  
15 a partner or other person authorized by this Act. An  
16 individual who executes a statement as, or on behalf of, a  
17 partner or other person named as a partner in a statement  
18 shall personally declare under penalty of perjury that the  
19 contents of the statement are accurate.

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

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

31 (f) The Secretary of State may collect a fee for filing  
32 or providing a certified copy of a statement as provided in  
33 Section 108. The officer responsible for recording transfers  
34 of real property may collect a fee for recording a statement.

1 Section 106. Governing law.

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

6 (b) The law of this State governs relations among the  
7 partners and between the partners and the partnership and the  
8 liability of partners for an obligation of a limited  
9 liability partnership.

10 Section 107. Partnership subject to amendment or repeal  
11 of Act. A partnership governed by this Act is subject to any  
12 amendment to or repeal of this Act.

13 Section 108. Fees.

14 (a) The Secretary of State shall charge and collect in  
15 accordance with the provisions of this Act and rules  
16 promulgated under its authority:

- 17 (1) fees for filing documents;
- 18 (2) miscellaneous charges; and
- 19 (3) fees for the sale of lists of filings, copies  
20 of any documents, and the sale or release of any  
21 information.

22 (b) The Secretary of State shall charge and collect:

- 23 (1) for furnishing a copy or certified copy of any  
24 document, instrument, or paper relating to a registered  
25 limited liability partnership, \$1 per page, but not less  
26 than \$25, and \$25 for the certificate and for affixing  
27 the seal to the certificate;
- 28 (2) for the transfer of information by computer  
29 process media to any purchaser, fees established by rule;
- 30 (3) for filing a statement of partnership  
31 authority, \$25;
- 32 (4) for filing a statement of denial, \$25;

1 (5) for filing a statement of dissociation, \$25;

2 (6) for filing a statement of dissolution, \$100;

3 (7) for filing a statement of merger, \$100;

4 (8) for filing a statement of qualification for a  
5 limited liability partnership organized under the laws of  
6 this State, \$100 for each partner, but in no event shall  
7 the fee be less than \$200 or exceed \$5,000;

8 (9) for filing a statement of foreign  
9 qualification, \$500;

10 (10) for filing a renewal statement for a limited  
11 liability partnership organized under the laws of this  
12 State, \$100 for each partner, but in no event shall the  
13 fee be less than \$200 or exceed \$5,000;

14 (11) for filing a renewal statement for a foreign  
15 limited liability partnership, \$300.

16 (12) for filing an amendment or cancellation of a  
17 statement, \$25;

18 (13) for filing a statement of withdrawal, \$100;

19 (14) for the purposes of changing the registered  
20 agent name or registered office, or both, \$25.

21 (c) All fees collected pursuant to this Act shall be  
22 deposited into the Division of Corporations Limited Liability  
23 Partnership Fund.

24 (d) There is hereby continued in the State treasury a  
25 special fund to be known as the Division of Corporations  
26 Limited Liability Partnership Fund. Moneys deposited into the  
27 Fund shall, subject to appropriation, be used by the Business  
28 Services Division of the Office of the Secretary of State to  
29 administer the responsibilities of the Secretary of State  
30 under this Act. The balance of the Fund at the end of any  
31 fiscal year shall not exceed \$200,000, and any amount in  
32 excess thereof shall be transferred to the General Revenue  
33 Fund.



1 Section 109. Illinois Administrative Procedure Act. The  
2 Illinois Administrative Procedure Act is expressly adopted  
3 and incorporated in Articles 10 and 11 of this Act as if all  
4 of the provisions of the Illinois Administrative Procedure  
5 Act were included in Articles 10 and 11 of this Act, except  
6 that the provisions of subsection (c) of Section 10-65 of the  
7 Illinois Administrative Procedure Act, which provides that at  
8 a hearing the licensee has the right to show compliance with  
9 all lawful requirements for retention, continuation, or  
10 renewal of the license, is specifically excluded, and for the  
11 purposes of this Act, the notice required under Section 10-25  
12 of the Illinois Administrative Procedure Act is deemed  
13 sufficient when mailed to the last known address of a party.

14 ARTICLE 2

15 NATURE OF PARTNERSHIP

16 Section 201. Partnership as entity.

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

19 (b) A limited liability partnership continues to be the  
20 same entity that existed before the filing of a statement of  
21 qualification under Section 1001 of this Act.

22 Section 202. Formation of partnership.

23 (a) Except as otherwise provided in subsection (b), the  
24 association of 2 or more persons to carry on as co-owners a  
25 business for profit forms a partnership, whether or not the  
26 persons intend to form a partnership.

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

30 (c) In determining whether a partnership is formed, the  
31 following rules apply:

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

6           (2) The sharing of gross returns does not by itself  
7 establish a partnership, even if the persons sharing them  
8 have a joint or common right or interest in property from  
9 which the returns are derived.

10          (3) A person who receives a share of the profits of  
11 a business is presumed to be a partner in the business,  
12 unless the profits were received in payment:

13               (i) of a debt by installments or otherwise;

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

16               (iii) of rent;

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

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

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

29          Section 203. Partnership property. Property acquired by a  
30 partnership is property of the partnership and not of the  
31 partners individually.

32          Section 204. When property is partnership property.

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

3 (1) the partnership; or

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

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

11 (1) the partnership in its name; or

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

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

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

28 ARTICLE 3  
29 RELATIONS OF PARTNERS TO  
30 PERSONS DEALING WITH PARTNERSHIP

31 Section 301. Partner agent of partnership. Subject to the  
32 effect of a statement of partnership authority under Section

1 303 of this Act:

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

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

18 Section 302. Transfer of partnership property.

19 (a) Partnership property may be transferred as follows:

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

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

32 (3) Partnership property held in the name of one or  
33 more persons other than the partnership, without an

1           indication in the instrument transferring the property to  
2           them of their capacity as partners or of the existence of  
3           a partnership, may be transferred by an instrument of  
4           transfer executed by the persons in whose name the  
5           property is held.

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

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

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

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

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

31           Section 303. Statement of partnership authority.

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

- 1           (1) must include:
- 2                 (i) the name of the partnership;
- 3                 (ii) the street address of its chief executive
- 4 office and of one office in this State, if there is
- 5 one;
- 6                 (iii) the names and mailing addresses of all
- 7 of the partners or of an agent appointed and
- 8 maintained by the partnership for the purpose of
- 9 subsection (b); and
- 10                (iv) the names of the partners authorized to
- 11 execute an instrument transferring real property
- 12 held in the name of the partnership; and
- 13           (2) may state the authority, or limitations on the
- 14 authority, of some or all of the partners to enter into
- 15 other transactions on behalf of the partnership and any
- 16 other matter.

17           (b) If a statement of partnership authority names an

18 agent, the agent shall maintain a list of the names and

19 mailing addresses of all of the partners and make it

20 available to any person on request for good cause shown.

21           (c) If a filed statement of partnership authority is

22 executed pursuant to Section 105(c) and states the name of

23 the partnership but does not contain all of the other

24 information required by subsection (a) of this Section, the

25 statement nevertheless operates with respect to a person not

26 a partner as provided in subsections (d) and (e).

27           (d) Except as otherwise provided in subsection (g) of

28 this Section, a filed statement of partnership authority

29 supplements the authority of a partner to enter into

30 transactions on behalf of the partnership as follows:

- 31                (1) Except for transfers of real property, a grant
- 32 of authority contained in a filed statement of
- 33 partnership authority is conclusive in favor of a person
- 34 who gives value without knowledge to the contrary, so

1 long as and to the extent that a limitation on that  
2 authority is not then contained in another filed  
3 statement. A filed cancellation of a limitation on  
4 authority revives the previous grant of authority.

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

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

24 (f) Except as otherwise provided in subsections (d) and  
25 (e) of this Section and Sections 704 and 805 of this Act, a  
26 person not a partner is not deemed to know of a limitation on  
27 the authority of a partner merely because the limitation is  
28 contained in a filed statement.

29 (g) Unless earlier canceled, a filed statement of  
30 partnership authority is canceled by operation of law 5 years  
31 after the date on which the statement, or the most recent  
32 amendment, was filed with the Secretary of State.

33 Section 304. Statement of denial. A partner or other

1 person named as a partner in a filed statement of partnership  
2 authority or in a list maintained by an agent pursuant to  
3 Section 303(b) may file a statement of denial stating the  
4 name of the partnership and the fact that is being denied,  
5 which may include denial of a person's authority or status as  
6 a partner. A statement of denial is a limitation on authority  
7 as provided in Section 303(d) and (e).

8 Section 305. Partnership liable for partner's actionable  
9 conduct.

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

15 (b) If, in the course of the partnership's business or  
16 while acting with authority of the partnership, a partner  
17 receives or causes the partnership to receive money or  
18 property of a person not a partner, and the money or property  
19 is misapplied by a partner, the partnership is liable for the  
20 loss.

21 Section 306. Partner's liability.

22 (a) Except as otherwise provided in subsections (b) and  
23 (c) of this Section, all partners are liable jointly and  
24 severally for all obligations of the partnership unless  
25 otherwise agreed by the claimant or provided by law.

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

30 (c) An obligation of a partnership incurred while the  
31 partnership is a limited liability partnership, whether  
32 arising in contract, tort, or otherwise, is solely the



1 obligation of the partnership. A partner is not personally  
2 liable, directly or indirectly, by way of contribution or  
3 otherwise, for such an obligation solely by reason of being  
4 or so acting as a partner. This subsection applies  
5 notwithstanding anything inconsistent in the partnership  
6 agreement that existed immediately before the vote required  
7 to become a limited liability partnership under Section  
8 1001(b) of this Act.

9 Section 307. Actions by and against partnership and  
10 partners.

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

13 (b) An action may be brought against the partnership  
14 and, to the extent not inconsistent with Section 306 of this  
15 Act, any or all of the partners in the same action or in  
16 separate actions.

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

21 (d) A judgment creditor of a partner may not levy  
22 execution against the assets of the partner to satisfy a  
23 judgment based on a claim against the partnership unless the  
24 partner is personally liable for the claim under Section 306  
25 and:

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

30 (2) the partnership is a debtor in bankruptcy;

31 (3) the partner has agreed that the creditor need  
32 not exhaust partnership assets;

33 (4) a court grants permission to the judgment

1 creditor to levy execution against the assets of a  
2 partner based on a finding that partnership assets  
3 subject to execution are clearly insufficient to satisfy  
4 the judgment, that exhaustion of partnership assets is  
5 excessively burdensome, or that the grant of permission  
6 is an appropriate exercise of the court's equitable  
7 powers; or

8 (5) liability is imposed on the partner by law or  
9 contract independent of the existence of the partnership.

10 (e) This Section applies to any partnership liability or  
11 obligation resulting from a representation by a partner or  
12 purported partner under Section 308 of this Act.

13 Section 308. Liability of purported partner.

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

31 (b) If a person is thus represented to be a partner in  
32 an existing partnership, or with one or more persons not  
33 partners, the purported partner is an agent of persons

1 consenting to the representation to bind them to the same  
2 extent and in the same manner as if the purported partner  
3 were a partner, with respect to persons who enter into  
4 transactions in reliance upon the representation. If all of  
5 the partners of the existing partnership consent to the  
6 representation, a partnership act or obligation results. If  
7 fewer than all of the partners of the existing partnership  
8 consent to the representation, the person acting and the  
9 partners consenting to the representation are jointly and  
10 severally liable.

11 (c) A person is not liable as a partner merely because  
12 the person is named by another in a statement of partnership  
13 authority.

14 (d) A person does not continue to be liable as a partner  
15 merely because of a failure to file a statement of  
16 dissociation or to amend a statement of partnership authority  
17 to indicate the partner's dissociation from the partnership.

18 (e) Except as otherwise provided in subsections (a) and  
19 (b) of this Section, persons who are not partners as to each  
20 other are not liable as partners to other persons.

21 ARTICLE 4

22 RELATIONS OF PARTNERS TO EACH OTHER

23 AND TO PARTNERSHIP

24 Section 401. Partner's rights and duties.

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

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

30 (2) charged with an amount equal to the money plus  
31 the value of any other property, net of the amount of any  
32 liabilities, distributed by the partnership to the

1 partner and the partner's share of the partnership  
2 losses.

3 (b) Each partner is entitled to an equal share of the  
4 partnership profits and is chargeable with a share of the  
5 partnership losses in proportion to the partner's share of  
6 the profits.

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

12 (d) A partnership shall reimburse a partner for an  
13 advance to the partnership beyond the amount of capital the  
14 partner agreed to contribute.

15 (e) A payment or advance made by a partner which gives  
16 rise to a partnership obligation under subsection (c) or (d)  
17 of this Section constitutes a loan to the partnership which  
18 accrues interest from the date of the payment or advance.

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

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

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

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

29 (j) A difference arising as to a matter in the ordinary  
30 course of business of a partnership may be decided by a  
31 majority of the partners. An act outside the ordinary course  
32 of business of a partnership and an amendment to the  
33 partnership agreement may be undertaken only with the consent  
34 of all of the partners.

1           (k) This Section does not affect the obligations of a  
2 partnership to other persons under Section 301 of this Act.

3           Section 402. Distributions in kind. A partner has no  
4 right to receive, and may not be required to accept, a  
5 distribution in kind.

6           Section 403. Partner's rights and duties with respect to  
7 information.

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

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

19          (c) Each partner and the partnership shall furnish to a  
20 partner, and to the legal representative of a deceased  
21 partner or partner under legal disability:

22           (1) without demand, any information concerning the  
23 partnership's business and affairs reasonably required  
24 for the proper exercise of the partner's rights and  
25 duties under the partnership agreement or this Act; and

26           (2) on demand, any other information concerning the  
27 partnership's business and affairs, except to the extent  
28 the demand or the information demanded is unreasonable or  
29 otherwise improper under the circumstances.

30           Section 404. General standards of partner's conduct.

31          (a) The fiduciary duties a partner owes to the

1 partnership and the other partners include the duty of  
2 loyalty and the duty of care set forth in subsections (b) and  
3 (c) of this Section.

4 (b) A partner's duty of loyalty to the partnership and  
5 the other partners includes the following:

6 (1) to account to the partnership and hold as  
7 trustee for it any property, profit, or benefit derived  
8 by the partner in the conduct and winding up of the  
9 partnership business or derived from a use by the partner  
10 of partnership property, including the appropriation of a  
11 partnership opportunity;

12 (2) to act fairly when a partner deals with the  
13 partnership in the conduct or winding up of the  
14 partnership business as or on behalf of a party having an  
15 interest adverse to the partnership; and

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

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

24 (d) A partner shall discharge his or her duties to the  
25 partnership and the other partners under this Act or under  
26 the partnership agreement and exercise any rights consistent  
27 with the obligation of good faith and fair dealing.

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

32 (f) This Section applies to a person winding up the  
33 partnership business as the personal or legal representative  
34 of the last surviving partner as if the person were a

1 partner.

2 Section 405. Actions by partnership and partners.

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

7 (b) A partner may maintain an action against the  
8 partnership or another partner for legal or equitable relief,  
9 with or without an accounting as to partnership business, to:

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

12 (2) enforce the partner's rights under this Act,  
13 including:

14 (i) the partner's rights under Section 401,  
15 403, or 404;

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

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

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

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

31 Section 406. Continuation of partnership beyond definite  
32 term or particular undertaking.

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

7 (b) If the partners, or those of them who habitually  
8 acted in the business during the term or undertaking,  
9 continue the business without any settlement or liquidation  
10 of the partnership, they are presumed to have agreed that the  
11 partnership will continue.

12 ARTICLE 5

13 TRANSFEREES AND CREDITORS OF PARTNER

14 Section 501. Partner not co-owner of partnership  
15 property. A partner is not a co-owner of partnership property  
16 and has no interest in partnership property which can be  
17 transferred, either voluntarily or involuntarily.

18 Section 502. Partner's transferable interest in  
19 partnership. The only transferable interest of a partner in  
20 the partnership is the partner's share of the profits and  
21 losses of the partnership and the partner's right to receive  
22 distributions. The interest is personal property.

23 Section 503. Transfer of partner's transferable interest.

24 (a) A transfer, in whole or in part, of a partner's  
25 transferable interest in the partnership:

26 (1) is permissible;

27 (2) does not by itself cause the partner's  
28 dissociation or a dissolution and winding up of the  
29 partnership business; and

30 (3) does not, as against the other partners or the



1 partnership, entitle the transferee, during the  
2 continuance of the partnership, to participate in the  
3 management or conduct of the partnership business, to  
4 require access to information concerning partnership  
5 transactions, or to inspect or copy the partnership books  
6 or records.

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

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

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

16 (3) to seek under a judicial determination that it  
17 is equitable to wind up the partnership business.

18 (c) In a dissolution and winding up, a transferee is  
19 entitled to an account of partnership transactions only from  
20 the date of the latest account agreed to by all of the  
21 partners.

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

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

28 (f) A transfer of a partner's transferable interest in  
29 the partnership in violation of a restriction on transfer  
30 contained in the partnership agreement is ineffective as to a  
31 person having notice of the restriction at the time of  
32 transfer.

33 Section 504. Partner's transferable interest subject to

1 charging order.

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

11 (b) A charging order constitutes a lien on the judgment  
12 debtor's transferable interest in the partnership. The court  
13 may order a foreclosure of the interest subject to the  
14 charging order at any time. The purchaser at the foreclosure  
15 sale has the rights of a transferee.

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

- 18 (1) by the judgment debtor;
- 19 (2) with property other than partnership property,  
20 by one or more of the other partners; or
- 21 (3) with partnership property, by one or more of  
22 the other partners with the consent of all of the  
23 partners whose interests are not so charged.

24 (d) This Act does not deprive a partner of a right under  
25 exemption laws with respect to the partner's interest in the  
26 partnership.

27 (e) This Section provides the exclusive remedy by which  
28 a judgment creditor of a partner or partner's transferee may  
29 satisfy a judgment out of the judgment debtor's transferable  
30 interest in the partnership.

31 ARTICLE 6  
32 PARTNER'S DISSOCIATION

1 Section 601. Events causing partner's dissociation. A  
2 partner is dissociated from a partnership upon the occurrence  
3 of any of the following events:

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

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

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

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

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

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

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

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

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

34 (i) the partner engaged in wrongful conduct

1           that adversely and materially affected the  
2           partnership business;

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

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

11          (6) the partner's:

12           (i) becoming a debtor in bankruptcy;

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

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

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

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

28           (i) the partner's death;

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

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

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

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

12           (10) termination of a partner who is not an  
13 individual, partnership, corporation, trust, or estate.

14           Section 602. Partner's power to dissociate; wrongful  
15 dissociation.

16           (a) A partner has the power to dissociate at any time,  
17 rightfully or wrongfully, by express will pursuant to Section  
18 601(1) of this Act.

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

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

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

25           (i) the partner withdraws by express will,  
26 unless the withdrawal follows within 90 days after  
27 another partner's dissociation by death or otherwise  
28 under Section 601(6) through (10) or wrongful  
29 dissociation under this subsection;

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

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



1 partnership business under Section 801 of this Act, the  
2 partnership shall cause the dissociated partner's interest in  
3 the partnership to be purchased for a buyout price determined  
4 pursuant to subsection (b) of this Section.

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

14 (c) Damages for wrongful dissociation under Section  
15 602(b), and all other amounts owing, whether or not presently  
16 due, from the dissociated partner to the partnership, must be  
17 offset against the buyout price. Interest must be paid from  
18 the date the amount owed becomes due to the date of payment.

19 (d) A partnership shall indemnify a dissociated partner  
20 whose interest is being purchased against all partnership  
21 liabilities, whether incurred before or after the  
22 dissociation, except liabilities incurred by an act of the  
23 dissociated partner under Section 702.

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

31 (f) If a deferred payment is authorized under subsection  
32 (h), the partnership may tender a written offer to pay the  
33 amount it estimates to be the buyout price and accrued  
34 interest, reduced by any offsets under subsection (c),

1 stating the time of payment, the amount and type of security  
2 for payment, and the other terms and conditions of the  
3 obligation.

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

6 (1) a statement of partnership assets and  
7 liabilities as of the date of dissociation;

8 (2) the latest available partnership balance sheet  
9 and income statement, if any;

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

12 (4) written notice that the payment is in full  
13 satisfaction of the obligation to purchase unless, within  
14 120 days after the written notice, the dissociated  
15 partner commences an action to determine the buyout  
16 price, any offsets under subsection (c), or other terms  
17 of the obligation to purchase.

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

27 (i) A dissociated partner may maintain an action against  
28 the partnership, pursuant to Section 405(b)(2)(ii), to  
29 determine the buyout price of that partner's interest, any  
30 offsets under subsection (c), or other terms of the  
31 obligation to purchase. The action must be commenced within  
32 120 days after the partnership has tendered payment or an  
33 offer to pay or within one year after written demand for  
34 payment if no payment or offer to pay is tendered. The court



1 shall determine the buyout price of the dissociated partner's  
2 interest, any offset due under subsection (c) of this  
3 Section, and accrued interest, and enter judgment for any  
4 additional payment or refund. If deferred payment is  
5 authorized under subsection (h), the court shall also  
6 determine the security for payment and other terms of the  
7 obligation to purchase. The court may assess reasonable  
8 attorney's fees and the fees and expenses of appraisers or  
9 other experts for a party to the action, in amounts the court  
10 finds equitable, against a party that the court finds acted  
11 arbitrarily, vexatiously, or not in good faith. The finding  
12 may be based on the partnership's failure to tender payment  
13 or an offer to pay or to comply with subsection (g).

14 Section 702. Dissociated partner's power to bind and  
15 liability to partnership.

16 (a) For 2 years after a partner dissociates without  
17 resulting in a dissolution and winding up of the partnership  
18 business, the partnership, including a surviving partnership  
19 under Article 9 of this Act, is bound by an act of the  
20 dissociated partner which would have bound the partnership  
21 under Section 301 before dissociation only if at the time of  
22 entering into the transaction the other party:

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

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

27 (3) is not deemed to have had knowledge under  
28 Section 303(e) or notice under Section 704(c).

29 (b) A dissociated partner is liable to the partnership  
30 for any damage caused to the partnership arising from an  
31 obligation incurred by the dissociated partner after  
32 dissociation for which the partnership is liable under  
33 subsection (a) of this Section.

1 Section 703. Dissociated partner's liability to other  
2 persons.

3 (a) A partner's dissociation does not of itself  
4 discharge the partner's liability for a partnership  
5 obligation incurred before dissociation. A dissociated  
6 partner is not liable for a partnership obligation incurred  
7 after dissociation, except as otherwise provided in  
8 subsection (b) of this Section.

9 (b) A partner who dissociates without resulting in a  
10 dissolution and winding up of the partnership business is  
11 liable as a partner to the other party in a transaction  
12 entered into by the partnership, or a surviving partnership  
13 under Article 9 of this Act, within 2 years after the  
14 partner's dissociation, only if the partner is liable for the  
15 obligation under Section 306 and at the time of entering into  
16 the transaction the other party:

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

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

21 (3) is not deemed to have had knowledge under  
22 Section 303(e) or notice under Section 704(c).

23 (c) By agreement with the partnership creditor and the  
24 partners continuing the business, a dissociated partner may  
25 be released from liability for a partnership obligation.

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

31 Section 704. Statement of dissociation.

32 (a) A dissociated partner or the partnership may file a  
33 statement of dissociation stating the name of the partnership

1 and that the partner is dissociated from the partnership.

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

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

9 Section 705. Continued use of partnership name. Continued  
10 use of a partnership name, or a dissociated partner's name as  
11 part thereof, by partners continuing the business does not of  
12 itself make the dissociated partner liable for an obligation  
13 of the partners or the partnership continuing the business.

14 ARTICLE 8

15 WINDING UP PARTNERSHIP BUSINESS

16 Section 801. Events causing dissolution and winding up of  
17 partnership business. A partnership is dissolved, and its  
18 business must be wound up, only upon the occurrence of any of  
19 the following events:

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

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

27 (i) within 90 days after a partner's  
28 dissociation by death or otherwise under Section  
29 601(6) through (10) or wrongful dissociation under  
30 Section 602(b), the express will of at least half of  
31 the remaining partners to wind up the partnership

1 business, for which purpose a partner's rightful  
2 dissociation pursuant to Section 602(b)(2)(i)  
3 constitutes the expression of that partner's will to  
4 wind up the partnership business;

5 (ii) the express will of all of the partners  
6 to wind up the partnership business; or

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

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

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

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

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

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

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

28 (6) on application by a transferee of a partner's  
29 transferable interest, a judicial determination that it  
30 is equitable to wind up the partnership business:

31 (i) after the expiration of the term or  
32 completion of the undertaking, if the partnership  
33 was for a definite term or particular undertaking at  
34 the time of the transfer or entry of the charging

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

6 Section 802. Partnership continues after dissolution.

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

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

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

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

27 Section 803. Right to wind up partnership business.

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

1 winding up.

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

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

13 Section 804. Partner's power to bind partnership after  
14 dissolution. Subject to Section 805 of this Act, a  
15 partnership is bound by a partner's act after dissolution  
16 that:

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

19 (2) would have bound the partnership under Section  
20 301 before dissolution, if the other party to the  
21 transaction did not have notice of the dissolution.

22 Section 805. Statement of dissolution.

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

27 (b) A statement of dissolution cancels a filed statement  
28 of partnership authority for the purposes of Section 303(d)  
29 and is a limitation on authority for the purposes of Section  
30 303(e).

31 (c) For the purposes of Sections 301 and 804, a person  
32 not a partner is deemed to have notice of the dissolution and

1 the limitation on the partners' authority as a result of the  
2 statement of dissolution 90 days after it is filed.

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

10 Section 806. Partner's liability to other partners after  
11 dissolution.

12 (a) Except as otherwise provided in subsection (b) of  
13 this Section and Section 306 of this Act, after dissolution a  
14 partner is liable to the other partners for the partner's  
15 share of any partnership liability incurred under Section  
16 804.

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

22 Section 807. Settlement of accounts and contributions  
23 among partners.

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

32 (b) Each partner is entitled to a settlement of all

1 partnership accounts upon winding up the partnership  
2 business. In settling accounts among the partners, profits  
3 and losses that result from the liquidation of the  
4 partnership assets must be credited and charged to the  
5 partners' accounts. The partnership shall make a distribution  
6 to a partner in an amount equal to any excess of the credits  
7 over the charges in the partner's account. A partner shall  
8 contribute to the partnership an amount equal to any excess  
9 of the charges over the credits in the partner's account but  
10 excluding from the calculation charges attributable to an  
11 obligation for which the partner is not personally liable  
12 under Section 306 of this Act.

13 (c) If a partner fails to contribute the full amount  
14 required under subsection (b) of this Section, all of the  
15 other partners shall contribute, in the proportions in which  
16 those partners share partnership losses, the additional  
17 amount necessary to satisfy the partnership obligations for  
18 which they are personally liable under Section 306. A partner  
19 or partner's legal representative may recover from the other  
20 partners any contributions the partner makes to the extent  
21 the amount contributed exceeds that partner's share of the  
22 partnership obligations for which the partner is personally  
23 liable under Section 306.

24 (d) After the settlement of accounts, each partner shall  
25 contribute, in the proportion in which the partner shares  
26 partnership losses, the amount necessary to satisfy  
27 partnership obligations that were not known at the time of  
28 the settlement and for which the partner is personally liable  
29 under Section 306.

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

32 (f) An assignee for the benefit of creditors of a  
33 partnership or a partner, or a person appointed by a court to  
34 represent creditors of a partnership or a partner, may



1 enforce a partner's obligation to contribute to the  
2 partnership.

3 ARTICLE 9

4 CONVERSIONS AND MERGERS

5 Section 901. Definitions. In this article:

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

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

11 (3) "Limited partnership" means a limited  
12 partnership created under the Revised Uniform Limited  
13 Partnership Act, predecessor law, or comparable law of  
14 another jurisdiction.

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

17 Section 902. Conversion of partnership to limited  
18 partnership.

19 (a) A partnership may be converted to a limited  
20 partnership pursuant to this Section.

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

25 (c) After the conversion is approved by the partners,  
26 the partnership shall file a certificate of limited  
27 partnership in the jurisdiction in which the limited  
28 partnership is to be formed. The certificate must include:

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

31 (2) its former name; and

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

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

9           (e) A general partner who becomes a limited partner as a  
10 result of the conversion remains liable as a general partner  
11 for an obligation incurred by the partnership before the  
12 conversion takes effect. If the other party to a transaction  
13 with the limited partnership reasonably believes when  
14 entering the transaction that the limited partner is a  
15 general partner, the limited partner is liable for an  
16 obligation incurred by the limited partnership within 90 days  
17 after the conversion takes effect. The limited partner's  
18 liability for all other obligations of the limited  
19 partnership incurred after the conversion takes effect is  
20 that of a limited partner as provided in the Revised Uniform  
21 Limited Partnership Act.

22           Section 903. Conversion of limited partnership to  
23 partnership.

24           (a) A limited partnership may be converted to a  
25 partnership pursuant to this Section.

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

30           (c) After the conversion is approved by the partners,  
31 the limited partnership shall cancel its certificate of  
32 limited partnership.

33           (d) The conversion takes effect when the certificate of

1 limited partnership is canceled.

2 (e) A limited partner who becomes a general partner as a  
3 result of the conversion remains liable only as a limited  
4 partner for an obligation incurred by the limited partnership  
5 before the conversion takes effect. Except as otherwise  
6 provided in Section 306, the partner is liable as a general  
7 partner for an obligation of the partnership incurred after  
8 the conversion takes effect.

9 Section 904. Effect of conversion; entity unchanged.

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

13 (b) When a conversion takes effect:

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

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

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

23 Section 905. Merger of partnerships.

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

27 (b) The plan of merger must set forth:

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

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

32 (3) whether the surviving entity is a partnership

1 or a limited partnership and the status of each partner;

2 (4) the terms and conditions of the merger;

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

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

9 (c) The plan of merger must be approved:

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

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

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

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

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

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

30 (3) any effective date specified in the plan of  
31 merger.

32 Section 906. Effect of merger.

33 (a) When a merger takes effect:

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

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

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

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

15          (b) The Secretary of State of this State is the agent  
16 for service of process in an action or proceeding against a  
17 surviving foreign partnership or limited partnership to  
18 enforce an obligation of a domestic partnership or limited  
19 partnership that is a party to a merger. The surviving entity  
20 shall promptly notify the Secretary of State of the mailing  
21 address of its chief executive office and of any change of  
22 address. Upon receipt of process, the Secretary of State  
23 shall mail a copy of the process to the surviving foreign  
24 partnership or limited partnership.

25          (c) A partner of the surviving partnership or limited  
26 partnership is liable for:

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

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

34           (3) except as otherwise provided in Section 306 of

1           this Act, all obligations of the surviving entity  
2           incurred after the merger takes effect, but those  
3           obligations may be satisfied only out of property of the  
4           entity if the partner is a limited partner.

5           (d) If the obligations incurred before the merger by a  
6           party to the merger are not satisfied out of the property of  
7           the surviving partnership or limited partnership, the general  
8           partners of that party immediately before the effective date  
9           of the merger shall contribute the amount necessary to  
10          satisfy that party's obligations to the surviving entity, in  
11          the manner provided in Section 807 or in the Limited  
12          Partnership Act of the jurisdiction in which the party was  
13          formed, as the case may be, as if the merged party were  
14          dissolved.

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

27          Section 907. Statement of merger.

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

32          (b) A statement of merger must contain:

33                  (1) the name of each partnership or limited

1 partnership that is a party to the merger;

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

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

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

9 (c) Except as otherwise provided in subsection (d) of  
10 this Section, for the purposes of Section 302, property of  
11 the surviving partnership or limited partnership which before  
12 the merger was held in the name of another party to the  
13 merger is property held in the name of the surviving entity  
14 upon filing a statement of merger.

15 (d) For the purposes of Section 302, real property of  
16 the surviving partnership or limited partnership which before  
17 the merger was held in the name of another party to the  
18 merger is property held in the name of the surviving entity  
19 upon recording a certified copy of the statement of merger in  
20 the office for recording transfers of that real property.

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

31 Section 908. Merger of partnership and limited liability  
32 company.

33 (a) Under a plan of merger approved under subsection (c)

1 of this Section, any one or more partnerships of this State  
2 may merge with or into one or more limited liability  
3 companies of this State, any other state or states of the  
4 United States, or the District of Columbia, if the laws of  
5 the other state or states or the District of Columbia permit  
6 the merger. The partnership or partnerships and the limited  
7 liability company or companies may merge with or into a  
8 partnership, which may be any one of these partnerships, or  
9 they may merge with or into a limited liability company,  
10 which may be any one of these limited liability companies,  
11 which shall be a partnership or limited liability company of  
12 this State, any other state of the United States, or the  
13 District of Columbia, which permits the merger.

14 (b) A plan of merger must set forth all of the  
15 following:

16 (1) The name of each entity that is a party to the  
17 merger.

18 (2) The name of the surviving entity into which the  
19 other entities will merge.

20 (3) The type of organization of the surviving  
21 entity.

22 (4) The terms and conditions of the merger.

23 (5) The manner and basis for converting the  
24 interests of each party to the merger into interests,  
25 obligations, or other securities of the surviving entity,  
26 or into money or other property in whole or in part.

27 (6) The street address of the surviving entity's  
28 principal place of business.

29 (c) The plan of merger required by subsection (b) of  
30 this Section must be approved by each party to the merger in  
31 accordance with all of the following:

32 (1) In the case of a partnership, by all of the  
33 partners or by the number or percentage of the partners  
34 required to approve a merger specified in the partnership



1 agreement.

2 (2) In the case of a limited liability company, by  
3 all members or by the number or percentage of members  
4 required to approve a merger specified in the operating  
5 agreement.

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

9 (e) After approval of the plan of merger under this  
10 Section, unless the merger is abandoned under subsection (d)  
11 of this Section, a statement of merger must be signed on  
12 behalf of each party to the merger and delivered to the  
13 Secretary of State of this State for filing. The statement of  
14 merger must set forth all of the following:

15 (1) The name and, in the case of a limited  
16 liability partnership, jurisdiction of each partnership  
17 and the name and jurisdiction of organization of each  
18 limited liability company that is a party to the merger.

19 (2) That a plan of merger has been approved and  
20 signed by each partnership and each limited liability  
21 company that is a party to the merger.

22 (3) The name and address of the surviving  
23 partnership or surviving limited liability company.

24 (4) The effective date of the merger.

25 (5) If a party to the merger is a foreign limited  
26 liability company or a foreign limited liability  
27 partnership, the jurisdiction and date of the filing of  
28 its articles of organization or statement of  
29 qualification, as the case may be, and the date when its  
30 application for authority was filed with the Secretary of  
31 State of this State or, if an application has not been  
32 filed, a statement to that effect.

33 (6) If the surviving entity is not a partnership or  
34 limited liability company organized under the laws of

1           this State, an agreement that the surviving entity may be  
2           served with process in this State and is subject to  
3           liability in any action or proceeding for the enforcement  
4           of any liability or obligation of any partnership or  
5           limited liability company which is a party to the merger  
6           or which was previously subject to suit in this State,  
7           and for the enforcement, as provided in this Act, of the  
8           right of partners of any partnership or members of any  
9           limited liability company to receive payment for their  
10          interests in the partnership or limited liability  
11          company, as the case may be, against the surviving  
12          entity.

13          (f) If a foreign limited liability company or a foreign  
14          limited liability partnership is the surviving entity of a  
15          merger, it may not do business in this State until an  
16          application for that authority is filed with the Secretary of  
17          State.

18          (g) The surviving partnership or other entity shall  
19          furnish a copy of the plan of merger, on request, and without  
20          cost, to any person holding an interest in an entity that is  
21          to merge.

22          (h) To the extent that the statement of merger is  
23          inconsistent with the articles of organization of a limited  
24          liability company or the statement of qualification of a  
25          limited liability partnership, the statement of merger shall  
26          operate as an amendment to the articles of organization or  
27          statement of qualification, as the case may be.

28          (i) The merger is effective upon the filing of the  
29          statement of merger with the Secretary of State of this  
30          State, or on a later date as specified in the statement of  
31          merger not later than 30 days subsequent to the filing of the  
32          statement of merger under subsection (e) of this Section.

33          (j) When any merger becomes effective under this  
34          Section:

1           (1) the separate existence of each partnership and  
2 each limited liability company that is a party to the  
3 merger, other than the surviving entity, terminates;

4           (2) all property owned by each partnership and each  
5 limited liability company that is a party to the merger  
6 vests in the surviving entity;

7           (3) all debts, liabilities, and other obligations  
8 of each partnership and each limited liability company  
9 that is a party to the merger become the obligations of  
10 the surviving entity;

11           (4) an action or proceeding by or against a  
12 partnership or limited liability company that is a party  
13 to the merger may be continued as if the merger had not  
14 occurred or the surviving entity may be substituted as a  
15 party to the action or proceeding; and

16           (5) except as prohibited by other law, all the  
17 rights, privileges, immunities, powers, and purposes of  
18 each partnership and limited liability company that is a  
19 party to the merger vest in the surviving entity.

20           (k) The Secretary of State of this State is an agent for  
21 service of process in an action or proceeding against any  
22 surviving foreign entity to enforce an obligation of any  
23 party to a merger if the surviving foreign entity fails to  
24 appoint or maintain an agent designated for service of  
25 process in this State or the agent for service of process  
26 cannot with reasonable diligence be found at the designated  
27 office. Service is effected under this subsection (k) at the  
28 earliest of:

29           (1) the date the surviving entity receives the  
30 process notice or demand;

31           (2) the date shown on the return receipt, if signed  
32 on behalf of the surviving entity; or

33           (3) 5 days after its deposit in the mail, if mailed  
34 postpaid and correctly addressed.

1           (1) Service under subsection (k) of this Section shall  
2 be made by the person instituting the action by doing all of  
3 the following:

4           (1) Serving on the Secretary of State of this  
5 State, or on any employee having responsibility for  
6 administering this Act in his or her office, a copy of  
7 the process, notice, or demand, together with any papers  
8 required by law to be delivered in connection with  
9 service and paying the fee prescribed by Section 108 of  
10 this Act.

11           (2) Transmitting notice of the service on the  
12 Secretary of State of this State and a copy of the  
13 process, notice, or demand and accompanying papers to the  
14 surviving entity being served, by registered or certified  
15 mail at the address set forth in the statement of merger.

16           (3) Attaching an affidavit of compliance with this  
17 Section, in substantially the form that the Secretary of  
18 State of this State may by rule prescribe, to the  
19 process, notice, or demand.

20           (m) Nothing contained in this Section shall limit or  
21 affect the right to serve any process, notice, or demand  
22 required or permitted by law to be served upon a partnership  
23 in any other manner now or hereafter permitted by law.

24           (n) The Secretary of State of this State shall keep, for  
25 a period of 5 years from the date of service, a record of all  
26 processes, notices, and demands served upon him or her under  
27 this Section and shall record the time of the service and the  
28 person's action with reference to the service.

29           (o) Except as provided by agreement with a person to  
30 whom a partner of a partnership is obligated, a merger of a  
31 partnership that has become effective shall not affect any  
32 obligation or liability existing at the time of the merger of  
33 a partner of a partnership that is merging.

1 Section 909. Approval of conversion into a limited  
2 liability company. A partnership may convert into a limited  
3 liability company organized, formed, or created under the  
4 laws of this State, upon approval of the conversion in  
5 accordance with this Section. The terms and conditions of a  
6 conversion of a partnership to a limited liability company  
7 must be approved by all of the partners or by a number or  
8 percentage of the partners required for conversion in the  
9 partnership agreement.

10 After a conversion is approved, the partnership shall  
11 file articles of organization in the Office of the Secretary  
12 of State in accordance with subsection (d) of Section 37-10  
13 of the Limited Liability Company Act.

14 Section 910. Nonexclusive. This Article is not exclusive.  
15 Partnerships or limited partnerships may be converted or  
16 merged in any other manner provided by law.

17 ARTICLE 10

18 LIMITED LIABILITY PARTNERSHIP

19 Section 1001. Statement of qualification.

20 (a) A partnership may become a limited liability  
21 partnership pursuant to this Section.

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

28 (c) After the approval required by subsection (b) of  
29 this Section, a partnership may become a limited liability  
30 partnership by filing a statement of qualification with the  
31 Secretary of State. The statement must contain:

- 1           (1) the name of the partnership;
- 2           (2) the street address of the partnership's chief  
3 executive office and, if different, the street address of  
4 an office in this State, if any;
- 5           (3) the name and street address of the  
6 partnership's agent for service of process;
- 7           (4) the number of partners;
- 8           (5) a brief statement of the business in which the  
9 partnership engages;
- 10          (6) a statement that the partnership applies for  
11 qualification as a limited liability partnership; and
- 12          (7) a deferred effective date, if any, of an  
13 application for status as a limited liability  
14 partnership.
- 15          (d) The agent of a limited liability partnership for  
16 service of process must be an individual who is a resident of  
17 this State or other person authorized to do business in this  
18 State.
- 19          (e) The status of a partnership as a limited liability  
20 partnership is effective on the later of the filing of the  
21 statement or a date specified in the statement and the  
22 receipt by the Secretary of State of the required fee. The  
23 status remains effective for one year after the date a  
24 statement of qualification is filed, regardless of changes in  
25 the partnership, unless the partnership voluntarily withdraws  
26 by filing a statement of withdrawal, in which event the  
27 status of the partnership as a limited liability partnership  
28 shall terminate on the date such statement is filed or, if  
29 later, a date specified on the statement.
- 30          (f) The status of a partnership as a limited liability  
31 partnership and the liability of its partners is not affected  
32 by errors or later changes in the information required to be  
33 contained in the statement of qualification under subsection  
34 (c) of this Section.

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

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

8           (i) The Secretary of State shall register as a limited  
9 liability partnership any partnership that submits a  
10 completed application with the required fee.

11           (j) The Secretary of State shall provide statements for  
12 registration application, renewal of registration and  
13 voluntary cancellation.

14           Section 1002. Name. The name of a limited liability  
15 partnership must end with "Registered Limited Liability  
16 Partnership", "Limited Liability Partnership", "R.L.L.P.",  
17 "L.L.P.", "RLLP", or "LLP".

18           Section 1003. Renewal statements.

19           (a) A limited liability partnership, and a foreign  
20 limited liability partnership authorized to transact business  
21 in this State, shall file a renewal statement in the Office  
22 of the Secretary of State which contains:

23                   (1) the name of the partnership;

24                   (2) the street address of the partnership's chief  
25 executive office and, if different, the street address of  
26 an office in this State, if any;

27                   (3) the name and street address of the  
28 partnership's agent for service of process;

29                   (4) if the partnership is a domestic limited  
30 liability partnership, the number of partners;

31                   (5) a brief statement of the business in which the  
32 partnership engages; and





1 Section 1102. Statement of foreign qualification.

2 (a) Before transacting or continuing to transact  
3 business in this State, a foreign limited liability  
4 partnership must file a statement of qualification or a  
5 renewal statement under Section 1001; provided, however, that  
6 the statement must contain:

7 (1) the name of the foreign limited liability  
8 partnership which satisfies the requirements of the state  
9 or other jurisdiction under whose law it is formed and  
10 ends with "Registered Limited Liability Partnership",  
11 "Limited Liability Partnership", "R.L.L.P.", "L.L.P.",  
12 "RLLP", or "LLP";

13 (2) the street address of the partnership's chief  
14 executive office and, if different, the street address of  
15 an office of the partnership in this State, if any;

16 (3) the name and street address of the  
17 partnership's agent for service of process;

18 (4) a brief statement of the business in which the  
19 partnership engages;

20 (5) a deferred effective date, if any; and

21 (6) a document or documents sufficient under the  
22 laws of the state or jurisdiction in which the limited  
23 liability partnership is organized to constitute official  
24 certification of current status in good standing as a  
25 registered limited liability partnership under the laws  
26 of that state or jurisdiction.

27 (b) A foreign partnership may not use an assumed or  
28 fictitious name in the conduct of its business to  
29 intentionally misrepresent the geographic origin or location  
30 of the partnership. This subsection (b) does not apply to any  
31 foreign limited liability partnership that has gross annual  
32 revenues in excess of \$100,000,000.

33 (c) A person shall not advertise or cause to be listed  
34 in a telephone directory an assumed or fictitious business

1 name that intentionally misrepresents where the business is  
2 actually located or operating or falsely states that the  
3 business is located or operating in the area covered by the  
4 telephone directory. This subsection (c) does not apply to a  
5 telephone service provider or to the publisher or distributor  
6 of a telephone service directory, unless the conduct  
7 prescribed in this subsection (c) is on behalf of that  
8 telephone service provider or that publisher or distributor.  
9 This subsection (c) does not apply to any foreign limited  
10 liability partnership that has gross annual revenues in  
11 excess of \$100,000,000.

12 (d) A foreign limited liability partnership that  
13 violates this Section is guilty of a petty offense and must  
14 be fined not less than \$501 and not more than \$1,000. A  
15 foreign limited liability partnership is guilty of an  
16 additional offense for each additional day in violation of  
17 this Section.

18 (e) The agent of a foreign limited liability partnership  
19 for service of process must be an individual who is a  
20 resident of this State or other person authorized to do  
21 business in this State.

22 (f) The status of a partnership as a foreign limited  
23 liability partnership is effective on the later of the filing  
24 of the statement of foreign qualification or a date specified  
25 in the statement. The status remains effective, regardless of  
26 changes in the partnership, unless the partnership  
27 voluntarily withdraws by filing a statement of withdrawal, in  
28 which event the status of the partnership as a foreign  
29 limited liability partnership shall terminate on the date  
30 such statement is filed or, if later, a date specified on the  
31 statement.

32 (g) An amendment or cancellation of a statement of  
33 foreign qualification is effective when it is filed or on a  
34 deferred effective date specified in the amendment or

1 cancellation.

2 (h) The Secretary of State shall register as a limited  
3 liability partnership any foreign limited liability  
4 partnership that submits a completed application with the  
5 required fee.

6 Section 1103. Effect of failure to qualify.

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

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

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

19 (d) If a foreign limited liability partnership transacts  
20 business in this State without a statement of foreign  
21 qualification, the Secretary of State is its agent for  
22 service of process with respect to a right of action arising  
23 out of the transaction of business in this State.

24 Section 1104. Activities not constituting transacting  
25 business.

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

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

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

1 (3) maintaining bank accounts;

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

6 (5) selling through independent contractors;

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

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

14 (8) collecting debts or foreclosing mortgages or  
15 other security interests in property securing the debts,  
16 and holding, protecting, and maintaining property so  
17 acquired;

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

21 (10) transacting business in interstate commerce.

22 (b) For purposes of this Article, the ownership in this  
23 State of income-producing real property or tangible personal  
24 property, other than property excluded under subsection (a)  
25 of this Section, constitutes transacting business in this  
26 State.

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

31 Section 1105. Action by Attorney General. The Attorney  
32 General may maintain an action to restrain a foreign limited  
33 liability partnership from transacting business in this State

1 in violation of this Article.

2 ARTICLE 12

3 MISCELLANEOUS PROVISIONS

4 Section 1201. Uniformity of application and construction.  
5 This Act shall be applied and construed to effectuate its  
6 general purpose to make uniform the law with respect to the  
7 subject of this Act among States enacting it.

8 Section 1202. Short title. (See Section 100 for short  
9 title.)

10 Section 1203. Severability clause. If any provision of  
11 this Act or its application to any person or circumstance is  
12 held invalid, the invalidity does not affect other provisions  
13 or applications of this Act which can be given effect without  
14 the invalid provision or application, and to this end the  
15 provisions of this Act are severable.

16 Section 1204. Effective date. (See Section 1299 for  
17 effective date.)

18 Section 1205. Repealer. (See Section 1290 for repeals.)

19 Section 1206. Applicability.

20 (a) Before January 1, 2008, this Act governs only a  
21 partnership formed:

22 (1) on or after January 1, 2003, except a  
23 partnership that is continuing the business of a  
24 dissolved partnership under Section 33 of the superseded  
25 Uniform Partnership Act; and

26 (2) before January 1, 2003, that elects, as  
27 provided by subsection (c) of this Section, to be

1 governed by this Act.

2 (b) On and after January 1, 2008, this Act governs all  
3 partnerships.

4 (c) Before January 1, 2008, a partnership voluntarily  
5 may elect, in the manner provided in its partnership  
6 agreement or by law for amending the partnership agreement,  
7 to be governed by this Act. The provisions of this Act  
8 relating to the liability of the partnership's partners to  
9 third parties apply to limit those partners' liability to a  
10 third party who had done business with the partnership within  
11 one year before the partnership's election to be governed by  
12 this Act only if the third party knows or has received a  
13 notification of the partnership's election to be governed by  
14 this Act.

15 Section 1207. Savings clause. This Act does not affect an  
16 action or proceeding commenced or right accrued before this  
17 Act takes effect.

18 Section 1290. The Uniform Partnership Act is amended by  
19 adding Part VII as follows:

20 (805 ILCS 205/Part VII heading new)

21 PART VII. APPLICABILITY; REPEAL

22 (805 ILCS 205/90 new)

23 Sec. 90. Applicability of Act.

24 (a) Except as provided in subsection (b), this Act  
25 governs a partnership formed before January 1, 2003. This  
26 Act governs a partnership formed after December 31, 2002 and  
27 before January 1, 2008 only if that partnership is continuing  
28 the business of a dissolved partnership under Section 33. A  
29 partnership may not be formed under this Act on or after  
30 January 1, 2003 unless it is continuing the business of a

1 dissolved partnership under Section 33.

2 (b) A partnership formed before January 1, 2003 may  
3 voluntarily elect to be governed, before January 1, 2008, by  
4 the Uniform Partnership Act (1997) as provided in Section  
5 1206 of that Act.

6 (805 ILCS 205/95 new)

7 Sec. 95. Repeal. This Act is repealed on January 1,  
8 2008.

9 Section 1295. The Revised Uniform Limited Partnership  
10 Act is amended by changing Sections 201 and 1204 and adding  
11 Section 805 as follows:

12 (805 ILCS 210/201) (from Ch. 106 1/2, par. 152-1)

13 Sec. 201. Certificate of Limited Partnership.

14 (a) In order to form a limited partnership, a  
15 certificate of limited partnership must be executed and filed  
16 in the office of the Secretary of State in Springfield or  
17 Chicago. Certificates may be filed in such additional  
18 offices as the Secretary of State may designate. The  
19 certificate shall set forth:

20 (1) the name of the limited partnership;

21 (2) the purposes for which the partnership is  
22 formed, which may be stated to be, or to include, the  
23 transaction of any or all lawful businesses for which  
24 limited partnerships may be formed under this Act;

25 (3) the address of the office at which the records  
26 required to be maintained by Section 104 are kept and the  
27 name of its registered agent and the address of its  
28 registered office required to be maintained by Section  
29 103;

30 (4) the name and business address of each general  
31 partner;

1 (5) the latest date, if any, upon which the limited  
2 partnership is to dissolve;

3 (6) any other matters the partners determine to  
4 include therein; and

5 (7) any other information the Secretary of State  
6 shall by rule deem necessary to administer this Act.

7 (b) A limited partnership is formed at the time of the  
8 filing of the certificate of limited partnership in the  
9 office of the Secretary of State or at any later time, not  
10 more than 60 days subsequent to the filing of the certificate  
11 of limited partnership, specified in the certificate of  
12 limited partnership if, in either case, there has been  
13 substantial compliance with the requirements of this Section.

14 (c) A limited partnership may be formed by converting a  
15 partnership to a limited partnership as provided in Section  
16 902 of the Uniform Partnership Act (1997).

17 (Source: P.A. 92-33, eff. 7-1-01.)

18 (805 ILCS 210/805 new)

19 Sec. 805. Conversion to partnership. A limited  
20 partnership may be converted to a partnership as provided in  
21 Section 903 of the Uniform Partnership Act (1997).

22 (805 ILCS 210/1204) (from Ch. 106 1/2, par. 162-4)

23 Sec. 1204. Rules for Cases Not Provided for in this Act.  
24 Before January 1, 2008, in any case not provided for in this  
25 Act the provisions of the Uniform Partnership Act govern if  
26 that Act is otherwise applicable as provided in Section 90 of  
27 that Act. After December 31, 2002, in any case not provided  
28 for in this Act, the provisions of the Uniform Partnership  
29 Act (1997) govern if that Act is otherwise applicable as  
30 provided in Section 1206 of that Act.

31 (Source: P.A. 84-1412.)



1           Section 1299. Effective date. This Act takes effect on  
2    January 1, 2003.