

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2386**

Chapter 103, Laws of 1998

55th Legislature  
1998 Regular Session

UNIFORM PARTNERSHIP ACT--REVISIONS

EFFECTIVE DATE: 6/11/98 - Except section 1308 which becomes effective 1/1/99.

Passed by the House February 10, 1998  
Yeas 96 Nays 0

CLYDE BALLARD  
**Speaker of the  
House of Representatives**

Passed by the Senate March 5, 1998  
Yeas 45 Nays 3

BRAD OWEN  
**President of the Senate**

Approved March 23, 1998

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2386** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN  
**Chief Clerk**

FILED

March 23, 1998 - 4:17 p.m.

**Secretary of State  
State of Washington**



1        NEW SECTION.    **Sec. 101.**    DEFINITIONS.    The definitions in this  
2 section apply throughout this chapter unless the context clearly  
3 requires otherwise:

4        (1) "Business" includes every trade, occupation, and profession.

5        (2) "Debtor in bankruptcy" means a person who is the subject of:

6        (a) An order for relief under Title 11 of the United States Code or  
7 a comparable order under a successor statute of general application; or

8        (b) A comparable order under federal, state, or foreign law  
9 governing insolvency.

10       (3) "Distribution" means a transfer of money or other property from  
11 a partnership to a partner in the partner's capacity as a partner or to  
12 the partner's transferee.

13       (4) "Foreign limited liability partnership" means a partnership  
14 that:

15       (a) Is formed under laws other than the laws of this state; and

16       (b) Has the status of a limited liability partnership under those  
17 laws.

18       (5) "Limited liability partnership" means a partnership that has  
19 filed a statement of qualification under section 1101 of this act and  
20 does not have a similar statement in effect in any other jurisdiction.

21       (6) "Partnership" means an association of two or more persons to  
22 carry on as co-owners a business for profit formed under section 202 of  
23 this act, predecessor law, or comparable law of another jurisdiction.

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

27       (8) "Partnership at will" means a partnership in which the partners  
28 have not agreed to remain partners until the expiration of a definite  
29 term or the completion of a particular undertaking.

30       (9) "Partnership interest" or "partner's interest in the  
31 partnership" means all of a partner's interests in the partnership,  
32 including the partner's transferable interest and all management and  
33 other rights.

34       (10) "Person" means an individual, corporation, business trust,  
35 estate, trust, partnership, limited liability company, association,  
36 joint venture, government, governmental subdivision, agency, or  
37 instrumentality, or any other legal or commercial entity.

38       (11) "Property" means all property, real, personal, or mixed,  
39 tangible or intangible, or any interest therein.

1 (12) "State" means a state of the United States, the District of  
2 Columbia, the Commonwealth of Puerto Rico, or any territory or insular  
3 possession subject to the jurisdiction of the United States.

4 (13) "Statement" means a statement of partnership authority under  
5 section 303 of this act, a statement of denial under section 304 of  
6 this act, a statement of dissociation under section 704 of this act, a  
7 statement of dissolution under section 805 of this act, or an amendment  
8 or cancellation of any statement under these sections.

9 (14) "Transfer" includes an assignment, conveyance, lease,  
10 mortgage, deed, and encumbrance.

11 NEW SECTION. **Sec. 102.** KNOWLEDGE AND NOTICE. (1) A person knows  
12 a fact if the person has actual knowledge of it.

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

14 (a) Knows of it;

15 (b) Has received a notification of it; or

16 (c) Has reason to know it exists from all of the facts known to the  
17 person at the time in question.

18 (3) A person notifies or gives a notification to another by taking  
19 steps reasonably required to inform the other person in ordinary  
20 course, whether or not the other person learns of it.

21 (4) A person receives a notification when the notification:

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

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

26 (5) Except as otherwise provided in subsection (6) of this section,  
27 a person other than an individual knows, has notice, or receives a  
28 notification of a fact for purposes of a particular transaction when  
29 the individual conducting the transaction knows, has notice, or  
30 receives a notification of the fact, or in any event when the fact  
31 would have been brought to the individual's attention if the person had  
32 exercised reasonable diligence. The person exercises reasonable  
33 diligence if the person maintains reasonable routines for communicating  
34 significant information to the individual conducting the transaction  
35 and there is reasonable compliance with the routines. Reasonable  
36 diligence does not require an individual acting for the person to  
37 communicate information unless the communication is part of the  
38 individual's regular duties or the individual has reason to know of the

1 transaction and that the transaction would be materially affected by  
2 the information.

3 (6) A partner's knowledge, notice, or receipt of a notification of  
4 a fact relating to the partnership is effective immediately as  
5 knowledge by, notice to, or receipt of a notification by the  
6 partnership, except in the case of a fraud on the partnership committed  
7 by or with the consent of that partner.

8 NEW SECTION. **Sec. 103.** EFFECT OF PARTNERSHIP AGREEMENT;  
9 NONWAIVABLE PROVISIONS. (1) Except as otherwise provided in subsection  
10 (2) of this section, relations among the partners and between the  
11 partners and the partnership are governed by the partnership agreement.  
12 To the extent the partnership agreement does not otherwise provide,  
13 this chapter governs relations among the partners and between the  
14 partners and the partnership.

15 (2) The partnership agreement may not:

16 (a) Vary the rights and duties under section 105 of this act except  
17 to eliminate the duty to provide copies of statements to all of the  
18 partners;

19 (b) Unreasonably restrict the right of access to books and records  
20 under section 403(2) of this act;

21 (c) Eliminate the duty of loyalty under section 404(2) or 603(2)(c)  
22 of this act, but, if not manifestly unreasonable:

23 (i) The partnership agreement may identify specific types or  
24 categories of activities that do not violate the duty of loyalty; or

25 (ii) All of the partners or a number or percentage specified in the  
26 partnership agreement may authorize or ratify, after full disclosure of  
27 all material facts, a specific act or transaction that otherwise would  
28 violate the duty of loyalty;

29 (d) Unreasonably reduce the duty of care under section 404(3) or  
30 603(2)(c) of this act;

31 (e) Eliminate the obligation of good faith and fair dealing under  
32 section 404(4) of this act, but the partnership agreement may prescribe  
33 the standards by which the performance of the obligation is to be  
34 measured, if the standards are not manifestly unreasonable;

35 (f) Vary the power to dissociate as a partner under section 602(1)  
36 of this act, except to require the notice under section 601(1) of this  
37 act to be in writing;

1 (g) Vary the right of a court to expel a partner in the events  
2 specified in section 601(5) of this act;

3 (h) Vary the requirement to wind up the partnership business in  
4 cases specified in section 801 (4), (5), or (6) of this act;

5 (i) Vary the law applicable to a limited liability partnership  
6 under section 106(2) of this act; or

7 (j) Restrict rights of third parties under this chapter.

8 NEW SECTION. **Sec. 104.** SUPPLEMENTAL PRINCIPLES OF LAW. (1)  
9 Unless displaced by particular provisions of this chapter, the  
10 principles of law and equity supplement this chapter.

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

14 NEW SECTION. **Sec. 105.** EXECUTION AND FILING OF STATEMENTS. (1)  
15 A statement may be filed in the office of the secretary of state. A  
16 certified copy of a statement that is filed in an office in another  
17 state may be filed in the office of the secretary of state. Either  
18 filing has the effect provided in this chapter with respect to  
19 partnership property located in or transactions that occur in this  
20 state.

21 (2) A statement filed by a partnership must be executed by at least  
22 two partners. Other statements must be executed by a partner or other  
23 person authorized by this chapter. An individual who executes a  
24 statement as, or on behalf of, a partner or other person shall  
25 personally declare under penalty of perjury that the contents of the  
26 statement are accurate.

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

31 (4) A person who files a statement pursuant to this section shall  
32 promptly send a copy of the statement to every nonfiling partner and to  
33 any other person named as a partner in the statement. Failure to send  
34 a copy of a statement to a partner or other person does not limit the  
35 effectiveness of the statement as to a person not a partner.



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

4 (i) Of a debt by installments or otherwise;

5 (ii) For services as an independent contractor or of wages or other  
6 compensation to an employee;

7 (iii) Of rent;

8 (iv) Of an annuity or other retirement or health benefit to a  
9 beneficiary, representative, or designee of a deceased or retired  
10 partner;

11 (v) Of interest or other charge on a loan, even if the amount of  
12 payment varies with the profits of the business, including a direct or  
13 indirect present or future ownership of the collateral, or rights to  
14 income, proceeds, or increase in value derived from the collateral; or

15 (vi) For the sale of the goodwill of a business or other property  
16 by installments or otherwise.

17 NEW SECTION. **Sec. 203.** PARTNERSHIP PROPERTY. Property acquired  
18 by a partnership is property of the partnership and not of the partners  
19 individually.

20 NEW SECTION. **Sec. 204.** WHEN PROPERTY IS PARTNERSHIP PROPERTY.

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

22 (a) The partnership; or

23 (b) One or more partners with an indication in the instrument  
24 transferring title to the property of the person's capacity as a  
25 partner or of the existence of a partnership, whether or not there is  
26 an indication of the name of the partnership.

27 (2) Property is acquired in the name of the partnership by a  
28 transfer to:

29 (a) The partnership in its name; or

30 (b) One or more partners in their capacity as partners in the  
31 partnership, if the name of the partnership is indicated in the  
32 instrument transferring title to the property.

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



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

6 **ARTICLE 3**

7 **RELATIONS OF PARTNERS TO PERSONS**

8 **DEALING WITH PARTNERSHIP**

9 NEW SECTION. **Sec. 301.** PARTNER AGENT OF PARTNERSHIP. Subject to  
10 the effect of a statement of partnership authority under section 303 of  
11 this act:

12 (1) Each partner is an agent of the partnership for the purpose of  
13 its business. An act of a partner, including the execution of an  
14 instrument in the partnership name, for apparently carrying on in the  
15 ordinary course the partnership business or business of the kind  
16 carried on by the partnership binds the partnership, unless the partner  
17 had no authority to act for the partnership in the particular matter  
18 and the person with whom the partner was dealing knew or had received  
19 a notification that the partner lacked authority.

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

24 NEW SECTION. **Sec. 302.** TRANSFER OF PARTNERSHIP PROPERTY. (1)  
25 Partnership property may be transferred as follows:

26 (a) Subject to the effect of a statement of partnership authority  
27 under section 303 of this act, partnership property held in the name of  
28 the partnership may be transferred by an instrument of transfer  
29 executed by a partner in the partnership name;

30 (b) Partnership property held in the name of one or more partners  
31 with an indication in the instrument transferring the property to them  
32 of their capacity as partners or of the existence of a partnership, but  
33 without an indication of the name of the partnership, may be  
34 transferred by an instrument of transfer executed by the persons in  
35 whose name the property is held; or

1 (c) Partnership property held in the name of one or more persons  
2 other than the partnership, without an indication in the instrument  
3 transferring the property to them of their capacity as partners or of  
4 the existence of a partnership, may be transferred by an instrument of  
5 transfer executed by the persons in whose name the property is held.

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

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

15 (b) As to a transferee who gave value for property transferred  
16 under subsection (1)(c) of this section, proves that the transferee  
17 knew or had received a notification that the property was partnership  
18 property and that the person who executed the instrument of initial  
19 transfer lacked authority to bind the partnership.

20 (3) A partnership may not recover partnership property from a  
21 subsequent transferee if the partnership would not have been entitled  
22 to recover the property, under subsection (2) of this section, from any  
23 earlier transferee of the property.

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

29 NEW SECTION. **Sec. 303.** STATEMENT OF PARTNERSHIP AUTHORITY. (1)

30 A partnership may file a statement of partnership authority, which:

31 (a) Must include:

32 (i) The name of the partnership; and

33 (ii) The street address of its chief executive office and of one  
34 office in this state, if there is one; and

35 (b) May state the names of all of the partners, the names of the  
36 partners authorized to execute an instrument transferring real property  
37 held in the name of the partnership, the authority, or limitations on

1 the authority, of some or all of the partners to enter into other  
2 transactions on behalf of the partnership and any other matter.

3 (2) A grant of authority contained in a filed statement of  
4 partnership authority is conclusive in favor of a person not a partner  
5 who gives value without knowledge to the contrary, so long as and to  
6 the extent that a limitation on that authority is not then contained in  
7 a subsequently filed statement. A filed cancellation of a limitation  
8 on authority revives the previous grant of authority.

9 (3) A person not a partner is deemed to know of a limitation on the  
10 authority of a partner to transfer real property held in the name of  
11 the partnership if the limitation is contained in a filed statement of  
12 partnership authority.

13 (4) Except as otherwise provided in subsection (3) of this section  
14 and sections 704 and 805 of this act, a person not a partner is not  
15 deemed to know of a limitation on the authority of a partner merely  
16 because the limitation is contained in a filed statement.

17 (5) Unless earlier canceled, a filed statement of partnership  
18 authority is canceled by operation of law five years after the date on  
19 which the statement, or the most recent amendment, was filed with the  
20 secretary of state.

21 NEW SECTION. **Sec. 304.** STATEMENT OF DENIAL. A partner, or other  
22 person named as a partner in a filed statement of partnership  
23 authority, may file a statement of denial stating the name of the  
24 partnership and the fact that is being denied, which may include denial  
25 of a person's authority or status as a partner. A statement of denial  
26 is a limitation on authority as provided in section 303 (2) and (3) of  
27 this act.

28 NEW SECTION. **Sec. 305.** PARTNERSHIP LIABLE FOR PARTNER'S  
29 ACTIONABLE CONDUCT. (1) A partnership is liable for loss or injury  
30 caused to a person, or for a penalty incurred, as a result of a  
31 wrongful act or omission, or other actionable conduct, of a partner  
32 acting in the ordinary course of business of the partnership or with  
33 authority of the partnership.

34 (2) If, in the course of the partnership's business or while acting  
35 with authority of the partnership, a partner receives or causes the  
36 partnership to receive money or property of a person not a partner, and

1 the money or property is misapplied by a partner, the partnership is  
2 liable for the loss.

3 NEW SECTION. **Sec. 306.** PARTNER'S LIABILITY. (1) Except as  
4 otherwise provided in subsections (2), (3), and (4) of this section,  
5 all partners are liable jointly and severally for all obligations of  
6 the partnership unless otherwise agreed by the claimant or provided by  
7 law.

8 (2) A person admitted as a partner into an existing partnership is  
9 not personally liable for any partnership obligation incurred before  
10 the person's admission as a partner.

11 (3) Except as otherwise provided in subsection (4) of this section,  
12 an obligation of a partnership incurred while the partnership is a  
13 limited liability partnership, whether arising in contract, tort, or  
14 otherwise, is solely the obligation of the partnership. A partner is  
15 not personally liable, directly or indirectly, by way of contribution  
16 or otherwise, for such an obligation solely by reason of being or so  
17 acting as a partner. This subsection applies notwithstanding anything  
18 inconsistent in the partnership agreement that existed, in the case of  
19 a limited liability partnership in existence on the effective date of  
20 this act, and, in the case of a partnership becoming a limited  
21 liability partnership after the effective date of this act, immediately  
22 before the vote required to become a limited liability partnership  
23 under section 1101(1) of this act.

24 (4) If the partners of a limited liability partnership or a foreign  
25 limited liability partnership are required to be licensed to provide  
26 professional services as defined in RCW 18.100.030, and the partnership  
27 fails to maintain for itself and for its members practicing in this  
28 state a policy of professional liability insurance, bond, deposit in  
29 trust, bank escrow of cash, bank certificates of deposit, United States  
30 treasury obligations, bank letter of credit, insurance company bond, or  
31 other evidence of financial responsibility of a kind designated by rule  
32 by the state insurance commissioner and in the amount of at least one  
33 million dollars or such greater amount, not to exceed three million  
34 dollars, as the state insurance commissioner may establish by rule for  
35 a licensed profession or for any specialty within a profession, taking  
36 into account the nature and size of the businesses within the  
37 profession or specialty, then the partners shall be personally liable  
38 to the extent that, had such insurance, bond, deposit in trust, bank

1 escrow of cash, bank certificates of deposit, United States treasury  
2 obligations, bank letter of credit, insurance company bond, or other  
3 evidence of responsibility been maintained, it would have covered the  
4 liability in question.

5 NEW SECTION. **Sec. 307.** ACTIONS BY AND AGAINST PARTNERSHIP AND  
6 PARTNERS. (1) A partnership may sue and be sued in the name of the  
7 partnership.

8 (2) An action may be brought against the partnership and, to the  
9 extent not inconsistent with section 306 of this act, any or all of the  
10 partners in the same action or in separate actions.

11 (3) A judgment against a partnership is not by itself a judgment  
12 against a partner. A judgment against a partnership may not be  
13 satisfied from a partner's assets unless there is also a judgment  
14 against the partner.

15 (4) A judgment creditor of a partner may not levy execution against  
16 the assets of the partner to satisfy a judgment based on a claim  
17 against the partnership unless the partner is personally liable for the  
18 claim under section 306 of this act, and:

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

22 (b) The partnership is a debtor in bankruptcy;

23 (c) The partner has agreed that the creditor need not exhaust  
24 partnership assets;

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

31 (e) Liability is imposed on the partner by law or contract  
32 independent of the existence of the partnership.

33 (5) This section applies to any partnership liability or obligation  
34 resulting from a representation by a partner or purported partner under  
35 section 308 of this act.

36 NEW SECTION. **Sec. 308.** LIABILITY OF PURPORTED PARTNER. (1) If a  
37 person, by words or conduct, purports to be a partner, or consents to

1 being represented by another as a partner, in a partnership or with one  
2 or more persons not partners, the purported partner is liable to a  
3 person to whom the representation is made, if that person, relying on  
4 the representation, enters into a transaction with the actual or  
5 purported partnership. If the representation, either by the purported  
6 partner or by a person with the purported partner's consent, is made in  
7 a public manner, the purported partner is liable to a person who relies  
8 upon the purported partnership even if the purported partner is not  
9 aware of being held out as a partner to the claimant. If partnership  
10 liability results, the purported partner is liable with respect to that  
11 liability as if the purported partner were a partner. If no  
12 partnership liability results, the purported partner is liable with  
13 respect to that liability jointly and severally with any other person  
14 consenting to the representation.

15 (2) If a person is thus represented to be a partner in an existing  
16 partnership, or with one or more persons not partners, the purported  
17 partner is an agent of persons consenting to the representation to bind  
18 them to the same extent and in the same manner as if the purported  
19 partner were a partner, with respect to persons who enter into  
20 transactions in reliance upon the representation. If all of the  
21 partners of the existing partnership consent to the representation, a  
22 partnership act or obligation results. If fewer than all of the  
23 partners of the existing partnership consent to the representation, the  
24 person acting and the partners consenting to the representation are  
25 jointly and severally liable.

26 (3) A person is not liable as a partner merely because the person  
27 is named by another in a statement of partnership authority.

28 (4) A person does not continue to be liable as a partner merely  
29 because of a failure to file a statement of dissociation or to amend a  
30 statement of partnership authority to indicate the partner's  
31 dissociation from the partnership.

32 (5) Except as otherwise provided in subsections (1) and (2) of this  
33 section, persons who are not partners as to each other are not liable  
34 as partners to other persons.

35 **ARTICLE 4**

36 **RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP**

1        NEW SECTION.    **Sec. 401.**    PARTNER'S RIGHTS AND DUTIES.    (1) Each

2 partner is deemed to have an account that is:

3        (a) Credited with an amount equal to the money plus the value of  
4 any other property, net of the amount of any liabilities, the partner  
5 contributes to the partnership and the partner's share of the  
6 partnership profits; and

7        (b) Charged with an amount equal to the money plus the value of any  
8 other property, net of the amount of any liabilities, distributed by  
9 the partnership to the partner and the partner's share of the  
10 partnership losses.

11        (2) Each partner is entitled to an equal share of the partnership  
12 profits and is chargeable with a share of the partnership losses in  
13 proportion to the partner's share of the profits.

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

18        (4) A partnership shall reimburse a partner for an advance to the  
19 partnership beyond the amount of capital the partner agreed to  
20 contribute.

21        (5) A payment or advance made by a partner which gives rise to a  
22 partnership obligation under subsection (3) or (4) of this section  
23 constitutes a loan to the partnership which accrues interest from the  
24 date of the payment or advance.

25        (6) Each partner has equal rights in the management and conduct of  
26 the partnership business.

27        (7) A partner may use or possess partnership property only on  
28 behalf of the partnership.

29        (8) A partner is not entitled to remuneration for services  
30 performed for the partnership, except for reasonable compensation for  
31 services rendered in winding up the business of the partnership.

32        (9) A person may become a partner only with the consent of all of  
33 the partners.

34        (10) A difference arising as to a matter in the ordinary course of  
35 business of a partnership may be decided by a majority of the partners.  
36 An act outside the ordinary course of business of a partnership and an  
37 amendment to the partnership agreement may be undertaken only with the  
38 consent of all of the partners.

1 (11) This section does not affect the obligations of a partnership  
2 to other persons under section 301 of this act.

3 NEW SECTION. **Sec. 402.** DISTRIBUTIONS IN KIND. A partner has no  
4 right to receive, and may not be required to accept, a distribution in  
5 kind.

6 NEW SECTION. **Sec. 403.** PARTNER'S RIGHTS AND DUTIES WITH RESPECT  
7 TO INFORMATION. (1) A partnership shall keep its books and records, if  
8 any, at its chief executive office.

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

17 (3) Each partner and the partnership shall furnish to a partner,  
18 and to the legal representative of a deceased partner or partner under  
19 legal disability:

20 (a) Without demand, any information concerning the partnership's  
21 business and affairs reasonably required for the proper exercise of the  
22 partner's rights and duties under the partnership agreement or this  
23 chapter; and

24 (b) On demand, any other information concerning the partnership's  
25 business and affairs, except to the extent the demand or the  
26 information demanded is unreasonable or otherwise improper under the  
27 circumstances.

28 NEW SECTION. **Sec. 404.** GENERAL STANDARDS OF PARTNER'S CONDUCT.  
29 (1) The only fiduciary duties a partner owes to the partnership and the  
30 other partners are the duty of loyalty and the duty of care set forth  
31 in subsections (2) and (3) of this section.

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

34 (a) To account to the partnership and hold as trustee for it any  
35 property, profit, or benefit derived by the partner in the conduct and  
36 winding up of the partnership business or derived from a use by the



1 partner of partnership property, including the appropriation of a  
2 partnership opportunity;

3 (b) To refrain from dealing with the partnership in the conduct or  
4 winding up of the partnership business as or on behalf of a party  
5 having an interest adverse to the partnership; and

6 (c) To refrain from competing with the partnership in the conduct  
7 of the partnership business before the dissolution of the partnership.

8 (3) A partner's duty of care to the partnership and the other  
9 partners in the conduct and winding up of the partnership business is  
10 limited to refraining from engaging in grossly negligent or reckless  
11 conduct, intentional misconduct, or a knowing violation of law.

12 (4) A partner shall discharge the duties to the partnership and the  
13 other partners under this chapter or under the partnership agreement  
14 and exercise any rights consistently with the obligation of good faith  
15 and fair dealing.

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

19 (6) A partner may lend money to and transact other business with  
20 the partnership, and as to each loan or transaction the rights and  
21 obligations of the partner are the same as those of a person who is not  
22 a partner, subject to other applicable law.

23 (7) This section applies to a person winding up the partnership  
24 business as the personal or legal representative of the last surviving  
25 partner as if the person were a partner.

26 NEW SECTION. **Sec. 405.** ACTIONS BY PARTNERSHIP AND PARTNERS. (1)  
27 A partnership may maintain an action against a partner for a breach of  
28 the partnership agreement, or for the violation of a duty to the  
29 partnership, causing harm to the partnership.

30 (2) A partner may maintain an action against the partnership or  
31 another partner for legal or equitable relief, with or without an  
32 accounting as to partnership business, to:

33 (a) Enforce the partner's rights under the partnership agreement;

34 (b) Enforce the partner's rights under this chapter, including:

35 (i) The partner's rights under section 401, 403, or 404 of this  
36 act;

1 (ii) The partner's right on dissociation to have the partner's  
2 interest in the partnership purchased pursuant to section 701 of this  
3 act or enforce any other right under article 6 or 7 of this chapter; or

4 (iii) The partner's right to compel a dissolution and winding up of  
5 the partnership business under section 801 of this act or enforce any  
6 other right under article 8 of this chapter; or

7 (c) Enforce the rights and otherwise protect the interests of the  
8 partner, including rights and interests arising independently of the  
9 partnership relationship.

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

14 NEW SECTION. **Sec. 406.** CONTINUATION OF PARTNERSHIP BEYOND  
15 DEFINITE TERM OR PARTICULAR UNDERTAKING. (1) If a partnership for a  
16 definite term or particular undertaking is continued, without an  
17 express agreement, after the expiration of the term or completion of  
18 the undertaking, the rights and duties of the partners remain the same  
19 as they were at the expiration or completion, so far as is consistent  
20 with a partnership at will.

21 (2) If the partners, or those of them who habitually acted in the  
22 business during the term or undertaking, continue the business without  
23 any settlement or liquidation of the partnership, they are presumed to  
24 have agreed that the partnership will continue.

25 **ARTICLE 5**

26 **TRANSFEREES AND CREDITORS OF PARTNER**

27 NEW SECTION. **Sec. 501.** PARTNER NOT CO-OWNER OF PARTNERSHIP  
28 PROPERTY. A partner is not a co-owner of partnership property and has  
29 no interest in partnership property which can be transferred, either  
30 voluntarily or involuntarily.

31 NEW SECTION. **Sec. 502.** PARTNER'S TRANSFERABLE INTEREST IN  
32 PARTNERSHIP. The only transferable interest of a partner in the  
33 partnership is the partner's share of the profits and losses of the  
34 partnership and the partner's right to receive distributions. The  
35 interest is personal property.

1        NEW SECTION.     **Sec. 503.**     TRANSFER OF PARTNER'S TRANSFERABLE  
2 INTEREST.     (1) A transfer, in whole or in part, of a partner's  
3 transferable interest in the partnership:

4            (a) Is permissible;

5            (b) Does not by itself cause the partner's dissociation or a  
6 dissolution and winding up of the partnership business; and

7            (c) Does not, as against the other partners or the partnership,  
8 entitle the transferee, during the continuance of the partnership, to  
9 participate in the management or conduct of the partnership business,  
10 to require access to information concerning partnership transactions,  
11 or to inspect or copy the partnership books or records.

12          (2) A transferee of a partner's transferable interest in the  
13 partnership has a right:

14            (a) To receive, in accordance with the transfer, allocations of  
15 profits and losses of the partnership and distributions to which the  
16 transferor would otherwise be entitled;

17            (b) To receive upon the dissolution and winding up of the  
18 partnership business, in accordance with the transfer, the net amount  
19 otherwise distributable to the transferor; and

20            (c) To seek under section 801(6) of this act a judicial  
21 determination that it is equitable to wind up the partnership business.

22          (3) In a dissolution and winding up, a transferee is entitled to an  
23 account of partnership transactions only from the date of the latest  
24 account agreed to by all of the partners.

25          (4) Upon transfer, the transferor retains the rights and duties of  
26 a partner other than the interest in profits and losses of the  
27 partnership and distributions transferred.

28          (5) A partnership need not give effect to a transferee's rights  
29 under this section until it has notice of the transfer.

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

34        NEW SECTION.     **Sec. 504.**     PARTNER'S TRANSFERABLE INTEREST SUBJECT TO  
35 CHARGING ORDER.     (1) On application by a judgment creditor of a partner  
36 or of a partner's transferee, a court having jurisdiction may charge  
37 the transferable interest of the judgment debtor to satisfy the  
38 judgment.     The court may appoint a receiver of the share of the

1 distributions due or to become due to the judgment debtor in respect of  
2 the partnership and make all other orders, directions, accounts, and  
3 inquiries the judgment debtor might have made or which the  
4 circumstances of the case may require.

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

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

11 (a) By the judgment debtor;

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

14 (c) With partnership property, by one or more of the other partners  
15 with the consent of all of the partners whose interests are not so  
16 charged.

17 (4) This chapter does not deprive a partner of a right under  
18 exemption laws with respect to the interest in the partnership.

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

## 22 ARTICLE 6

### 23 PARTNER'S DISSOCIATION

24 NEW SECTION. **Sec. 601.** EVENTS CAUSING PARTNER'S DISSOCIATION. A  
25 partner is dissociated from a partnership upon the occurrence of any of  
26 the following events:

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

29 (2) An event agreed to in the partnership agreement as causing the  
30 partner's dissociation;

31 (3) The partner's expulsion pursuant to the partnership agreement;

32 (4) The partner's expulsion by the unanimous vote of the other  
33 partners if:

34 (a) It is unlawful to carry on the partnership business with that  
35 partner;

36 (b) There has been a transfer of all or substantially all of that  
37 partner's transferable interest in the partnership, other than a

1 transfer for security purposes or a court order charging the partner's  
2 interest which, in either case, has not been foreclosed;

3 (c) Within ninety days after the partnership notifies a corporate  
4 partner that it will be expelled because it has filed articles of  
5 dissolution, it has been administratively or judicially dissolved, or  
6 its right to conduct business has been suspended by the jurisdiction of  
7 its incorporation, and there is no revocation of the articles of  
8 dissolution, no reinstatement following its administrative dissolution,  
9 or reinstatement of its right to conduct business by the jurisdiction  
10 of its incorporation, as applicable; or

11 (d) A partnership or limited liability company that is a partner  
12 has been dissolved and its business is being wound up;

13 (5) On application by the partnership or another partner, the  
14 partner's expulsion by judicial determination because:

15 (a) The partner engaged in wrongful conduct that adversely and  
16 materially affected the partnership business;

17 (b) The partner willfully or persistently committed a material  
18 breach of the partnership agreement or of a duty owed to the  
19 partnership or the other partners under section 404 of this act; or

20 (c) The partner engaged in conduct relating to the partnership  
21 business which makes it not reasonably practicable to carry on the  
22 business in partnership with the partner;

23 (6) The partner's:

24 (a) Becoming a debtor in bankruptcy;

25 (b) Executing an assignment for the benefit of creditors;

26 (c) Seeking, consenting to, or acquiescing in the appointment of a  
27 trustee, receiver, or liquidator of that partner or of all or  
28 substantially all of that partner's property; or

29 (d) Failing, within ninety days after the appointment, to have  
30 vacated or stayed the appointment of a trustee, receiver, or liquidator  
31 of the partner or of all or substantially all of the partner's property  
32 obtained without the partner's consent or acquiescence, or failing  
33 within ninety days after the expiration of a stay to have the  
34 appointment vacated;

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

36 (a) The partner's death;

37 (b) The appointment of a guardian or general conservator for the  
38 partner; or

1 (c) A judicial determination that the partner has otherwise become  
2 incapable of performing the partner's duties under the partnership  
3 agreement;

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

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

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

15 NEW SECTION. **Sec. 602.** PARTNER'S POWER TO DISSOCIATE; WRONGFUL  
16 DISSOCIATION. (1) A partner has the power to dissociate at any time,  
17 rightfully or wrongfully, by express will pursuant to section 601(1) of  
18 this act.

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

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

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

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

29 (ii) The partner is expelled by judicial determination under  
30 section 601(5) of this act;

31 (iii) The partner is dissociated as the result of an event  
32 described in section 601(6) of this act; or

33 (iv) In the case of a partner who is not an individual, trust other  
34 than a business trust, or estate, the partner is expelled or otherwise  
35 dissociated because it willfully dissolved or terminated.

36 (3) A partner who wrongfully dissociates is liable to the  
37 partnership and to the other partners for damages caused by the

1 dissociation. The liability is in addition to any other obligation of  
2 the partner to the partnership or to the other partners.

3 NEW SECTION. **Sec. 603.** EFFECT OF PARTNER'S DISSOCIATION. (1) If  
4 a partner's dissociation results in a dissolution and winding up of the  
5 partnership business, article 8 of this chapter applies; otherwise,  
6 article 7 of this chapter applies.

7 (2) Upon a partner's dissociation:

8 (a) The partner's right to participate in the management and  
9 conduct of the partnership business terminates, except as otherwise  
10 provided in section 803 of this act;

11 (b) The partner's duty of loyalty under section 404(2)(c) of this  
12 act terminates; and

13 (c) The partner's duty of loyalty under section 404(2) (a) and (b)  
14 of this act and duty of care under section 404(3) of this act continue  
15 only with regard to matters arising and events occurring before the  
16 partner's dissociation, unless the partner participates in winding up  
17 the partnership's business pursuant to section 803 of this act.

18 **ARTICLE 7**

19 **PARTNER'S DISSOCIATION WHEN**

20 **BUSINESS NOT WOUND UP**

21 NEW SECTION. **Sec. 701.** PURCHASE OF DISSOCIATED PARTNER'S  
22 INTEREST. (1) If a partner is dissociated from a partnership without  
23 resulting in a dissolution and winding up of the partnership business  
24 under section 801 of this act, the partnership shall cause the  
25 dissociated partner's interest in the partnership to be purchased for  
26 a buyout price determined pursuant to subsection (2) of this section.

27 (2) The buyout price of a dissociated partner's interest is the  
28 amount that would have been distributable to the dissociating partner  
29 under section 807(2) of this act if, on the date of dissociation, the  
30 assets of the partnership were sold at a price equal to the greater of  
31 the liquidation value or the value based on a sale of the entire  
32 business as a going concern without the dissociated partner and the  
33 partnership were wound up as of that date. Interest must be paid from  
34 the date of dissociation to the date of payment.

35 (3) Damages for wrongful dissociation under section 602(2) of this  
36 act, and all other amounts owing, whether or not presently due, from

1 the dissociated partner to the partnership, must be offset against the  
2 buyout price. Interest must be paid from the date the amount owed  
3 becomes due to the date of payment.

4 (4) A partnership shall indemnify a dissociated partner whose  
5 interest is being purchased against all partnership liabilities,  
6 whether incurred before or after the dissociation, except liabilities  
7 incurred by an act of the dissociated partner under section 702 of this  
8 act.

9 (5) If no agreement for the purchase of a dissociated partner's  
10 interest is reached within one hundred twenty days after a written  
11 demand for payment, the partnership shall pay, or cause to be paid, in  
12 cash to the dissociated partner the amount the partnership estimates to  
13 be the buyout price and accrued interest, reduced by any offsets and  
14 accrued interest under subsection (3) of this section.

15 (6) If a deferred payment is authorized under subsection (8) of  
16 this section, the partnership may tender a written offer to pay the  
17 amount it estimates to be the buyout price and accrued interest,  
18 reduced by any offsets under subsection (3) of this section, stating  
19 the time of payment, the amount and type of security for payment, and  
20 the other terms and conditions of the obligation.

21 (7) The payment or tender required by subsection (5) or (6) of this  
22 section must be accompanied by the following:

23 (a) A statement of partnership assets and liabilities as of the  
24 date of dissociation;

25 (b) The latest available partnership balance sheet and income  
26 statement, if any;

27 (c) An explanation of how the estimated amount of the payment was  
28 calculated; and

29 (d) Written notice that the payment is in full satisfaction of the  
30 obligation to purchase unless, within one hundred twenty days after the  
31 written notice, the dissociated partner commences an action to  
32 determine the buyout price, any offsets under subsection (3) of this  
33 section, or other terms of the obligation to purchase.

34 (8) A partner who wrongfully dissociates before the expiration of  
35 a definite term or the completion of a particular undertaking is not  
36 entitled to payment of any portion of the buyout price until the  
37 expiration of the term or completion of the undertaking, unless the  
38 partner establishes to the satisfaction of the court that earlier  
39 payment will not cause undue hardship to the business of the



1 partnership. A deferred payment must be adequately secured and bear  
2 interest.

3 (9) A dissociated partner may maintain an action against the  
4 partnership, pursuant to section 405(2)(b)(ii) of this act, to  
5 determine the buyout price of that partner's interest, any offsets  
6 under subsection (3) of this section, or other terms of the obligation  
7 to purchase. The action must be commenced within one hundred twenty  
8 days after the partnership has tendered payment or an offer to pay or  
9 within one year after written demand for payment if no payment or offer  
10 to pay is tendered. The court shall determine the buyout price of the  
11 dissociated partner's interest, any offset due under subsection (3) of  
12 this section, and accrued interest, and enter judgment for any  
13 additional payment or refund. If deferred payment is authorized under  
14 subsection (8) of this section, the court shall also determine the  
15 security for payment and other terms of the obligation to purchase.  
16 The court may assess reasonable attorneys' fees and the fees and  
17 expenses of appraisers or other experts for a party to the action, in  
18 amounts the court finds equitable, against a party that the court finds  
19 acted arbitrarily, vexatiously, or not in good faith. The finding may  
20 be based on the partnership's failure to tender payment or an offer to  
21 pay or to comply with subsection (7) of this section.

22 NEW SECTION. **Sec. 702.** DISSOCIATED PARTNER'S POWER TO BIND AND  
23 LIABILITY TO PARTNERSHIP. (1) For two years after a partner  
24 dissociates without resulting in a dissolution and winding up of the  
25 partnership business, the partnership, including a surviving  
26 partnership under article 9 of this chapter, is bound by an act of the  
27 dissociated partner which would have bound the partnership under  
28 section 301 of this act before dissociation only if at the time of  
29 entering into the transaction the other party:

30 (a) Reasonably believed that the dissociated partner was then a  
31 partner;

32 (b) Did not have notice of the partner's dissociation; and

33 (c) Is not deemed to have had knowledge under section 303(3) of  
34 this act or notice under section 704(3) of this act.

35 (2) A dissociated partner is liable to the partnership for any  
36 damage caused to the partnership arising from an obligation incurred by  
37 the dissociated partner after dissociation for which the partnership is  
38 liable under subsection (1) of this section.

1        NEW SECTION.    **Sec. 703.**    DISSOCIATED PARTNER'S LIABILITY TO OTHER  
2    PERSONS.    (1) A partner's dissociation does not of itself discharge the  
3    partner's liability for a partnership obligation incurred before  
4    dissociation.    A dissociated partner is not liable for a partnership  
5    obligation incurred after dissociation, except as otherwise provided in  
6    subsection (2) of this section.

7        (2) A partner who dissociates without resulting in a dissolution  
8    and winding up of the partnership business is liable as a partner to  
9    the other party in a transaction entered into by the partnership, or a  
10   surviving partnership under article 9 of this chapter, within two years  
11   after the partner's dissociation, only if the partner is liable for the  
12   obligation under section 306 of this act and at the time of entering  
13   into the transaction the other party:

14        (a) Reasonably believed that the dissociated partner was then a  
15   partner;

16        (b) Did not have notice of the partner's dissociation; and

17        (c) Is not deemed to have had knowledge under section 303(3) of  
18   this act or notice under section 704(3) of this act.

19        (3) By agreement with the partnership creditor and the partners  
20   continuing the business, a dissociated partner may be released from  
21   liability for a partnership obligation.

22        (4) A dissociated partner is released from liability for a  
23   partnership obligation if a partnership creditor, with notice of the  
24   partner's dissociation but without the partner's consent, agrees to a  
25   material alteration in the nature or time of payment of a partnership  
26   obligation.

27        NEW SECTION.    **Sec. 704.**    STATEMENT OF DISSOCIATION.    (1) A  
28   dissociated partner or the partnership may file a statement of  
29   dissociation stating the name of the partnership and that the partner  
30   is dissociated from the partnership.

31        (2) A statement of dissociation is a limitation on the authority of  
32   a dissociated partner for the purposes of section 303 (2) and (3) of  
33   this act.

34        (3) For the purposes of sections 702(1)(c) and 703(2)(c) of this  
35   act, a person not a partner is deemed to have notice of the  
36   dissociation ninety days after the statement of dissociation is filed.



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

4 (c) It is not otherwise reasonably practicable to carry on the  
5 partnership business in conformity with the partnership agreement; or

6 (6) On application by a transferee of a partner's transferable  
7 interest, a judicial determination that it is equitable to wind up the  
8 partnership business:

9 (a) After the expiration of the term or completion of the  
10 undertaking, if the partnership was for a definite term or particular  
11 undertaking at the time of the transfer or entry of the charging order  
12 that gave rise to the transfer; or

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

16 NEW SECTION. **Sec. 802.** PARTNERSHIP CONTINUES AFTER DISSOLUTION.

17 (1) Subject to subsection (2) of this section, a partnership continues  
18 after dissolution only for the purpose of winding up its business. The  
19 partnership is terminated when the winding up of its business is  
20 completed.

21 (2) At any time after the dissolution of a partnership and before  
22 the winding up of its business is completed, all of the partners,  
23 including any dissociating partner other than a wrongfully dissociating  
24 partner, may waive the right to have the partnership's business wound  
25 up and the partnership terminated. In that event:

26 (a) The partnership resumes carrying on its business as if  
27 dissolution had never occurred, and any liability incurred by the  
28 partnership or a partner after the dissolution and before the waiver is  
29 determined as if dissolution had never occurred; and

30 (b) The rights of a third party accruing under section 804(1) of  
31 this act or arising out of conduct in reliance on the dissolution  
32 before the third party knew or received a notification of the waiver  
33 may not be adversely affected.

34 NEW SECTION. **Sec. 803.** RIGHT TO WIND UP PARTNERSHIP BUSINESS.

35 (1) After dissolution, a partner who has not wrongfully dissociated may  
36 participate in winding up the partnership's business, but on  
37 application of any partner, partner's legal representative, or

1 transferee, the superior court, for good cause shown, may order  
2 judicial supervision of the winding up.

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

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

13 NEW SECTION. **Sec. 804.** PARTNER'S POWER TO BIND PARTNERSHIP AFTER  
14 DISSOLUTION. Subject to section 805 of this act, a partnership is  
15 bound by a partner's act after dissolution that:

16 (1) Is appropriate for winding up the partnership business; or

17 (2) Would have bound the partnership under section 301 of this act  
18 before dissolution, if the other party to the transaction did not have  
19 notice of the dissolution.

20 NEW SECTION. **Sec. 805.** STATEMENT OF DISSOLUTION. (1) After  
21 dissolution, a partner who has not wrongfully dissociated may file a  
22 statement of dissolution stating the name of the partnership and that  
23 the partnership has dissolved and is winding up its business.

24 (2) A statement of dissolution cancels all previously filed  
25 statements of partnership authority.

26 (3) For the purposes of sections 301 and 804 of this act, a person  
27 not a partner is deemed to have notice of the dissolution and the  
28 limitation on the partners' authority as a result of the statement of  
29 dissolution ninety days after it is filed.

30 (4) After filing a statement of dissolution, a dissolved  
31 partnership may file a statement of partnership authority which will  
32 operate with respect to a person not a partner as provided in  
33 section 303 (2) and (3) of this act in any transaction, whether or not  
34 the transaction is appropriate for winding up the partnership business.

35 NEW SECTION. **Sec. 806.** PARTNER'S LIABILITY TO OTHER PARTNERS  
36 AFTER DISSOLUTION. (1) Except as otherwise provided in subsection (2)

1 of this section, after dissolution a partner is liable to the other  
2 partners for the partner's share of any partnership liability incurred  
3 under section 804 of this act.

4 (2) A partner who, with knowledge of the dissolution, incurs a  
5 partnership liability under section 804(2) of this act by an act that  
6 is not appropriate for winding up the partnership business is liable to  
7 the partnership for any damage caused to the partnership arising from  
8 the liability.

9 NEW SECTION. **Sec. 807.** SETTLEMENT OF ACCOUNTS AND CONTRIBUTIONS  
10 AMONG PARTNERS. (1) In winding up a partnership's business, the assets  
11 of the partnership, including the contributions of the partners  
12 required by this section, must be applied to discharge its obligations  
13 to creditors, including, to the extent permitted by law, partners who  
14 are creditors. Any surplus must be applied to pay in cash the net  
15 amount distributable to partners in accordance with their right to  
16 distributions under subsection (2) of this section.

17 (2) Each partner is entitled to a settlement of all partnership  
18 accounts upon winding up the partnership business. In settling  
19 accounts among the partners, profits and losses that result from the  
20 liquidation of the partnership assets must be credited and charged to  
21 the partners' accounts. The partnership shall make a distribution to  
22 a partner in an amount equal to any excess of the credits over the  
23 charges in the partner's account. A partner shall contribute to the  
24 partnership an amount equal to any excess of the charges over the  
25 credits in the partner's account, except, in the case of a limited  
26 liability partnership the partner shall make such contribution only to  
27 the extent of his or her share of any unpaid partnership obligations  
28 for which the partner has personal liability under section 306 of this  
29 act.

30 (3) If a partner fails to contribute the full amount required under  
31 subsection (2) of this section, all of the other partners shall  
32 contribute, in the proportions in which those partners share  
33 partnership losses, the additional amount necessary to satisfy the  
34 partnership obligations for which they are personally liable under  
35 section 306 of this act. A partner or partner's legal representative  
36 may recover from the other partners any contributions the partner makes  
37 to the extent the amount contributed exceeds that partner's share of

1 the partnership obligations for which the partner is personally liable  
2 under section 306 of this act.

3 (4) After the settlement of accounts, each partner shall  
4 contribute, in the proportion in which the partner shares partnership  
5 losses, the amount necessary to satisfy partnership obligations that  
6 were not known at the time of the settlement and for which the partner  
7 is personally liable under section 306 of this act.

8 (5) The estate of a deceased partner is liable for the partner's  
9 obligation to contribute to the partnership.

10 (6) An assignee for the benefit of creditors of a partnership or a  
11 partner, or a person appointed by a court to represent creditors of a  
12 partnership or a partner, may enforce a partner's obligation to  
13 contribute to the partnership.

## 14 ARTICLE 9

### 15 CONVERSIONS AND MERGERS

16 NEW SECTION. **Sec. 901.** DEFINITIONS. The definitions in this  
17 article apply throughout this article unless the context clearly  
18 requires otherwise:

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

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

23 (3) "Limited partnership" means a limited partnership created under  
24 the Washington uniform limited partnership act, predecessor law, or  
25 comparable law of another jurisdiction.

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

28 NEW SECTION. **Sec. 902.** CONVERSION OF PARTNERSHIP TO LIMITED  
29 PARTNERSHIP. (1) A partnership may be converted to a limited  
30 partnership pursuant to this section.

31 (2) The terms and conditions of a conversion of a partnership to a  
32 limited partnership must be approved by all of the partners or by a  
33 number or percentage specified for conversion in the partnership  
34 agreement.

35 (3) After the conversion is approved by the partners, the  
36 partnership shall file a certificate of limited partnership in the

1 jurisdiction in which the limited partnership is to be formed. The  
2 certificate must include:

3 (a) A statement that the partnership was converted to a limited  
4 partnership from a partnership;

5 (b) Its former name; and

6 (c) A statement of the number of votes cast by the partners for and  
7 against the conversion and, if the vote is less than unanimous, the  
8 number or percentage required to approve the conversion under the  
9 partnership agreement.

10 (4) If the partnership was converted to a domestic limited  
11 partnership, the certificate must also include:

12 (a) The name of the limited partnership;

13 (b) The address of the office for records and the name and address  
14 of the agent for service of process appointed pursuant to RCW  
15 25.10.040;

16 (c) The name and the geographical and mailing address of each  
17 general partner;

18 (d) The latest date upon which the limited partnership is to  
19 dissolve; and

20 (e) Any other matters the general partners determine to include  
21 therein.

22 (5) The conversion takes effect when the certificate of limited  
23 partnership is filed or at any later date specified in the certificate.

24 (6) A general partner who becomes a limited partner as a result of  
25 the conversion remains liable as a general partner for an obligation  
26 incurred by the partnership before the conversion takes effect. If the  
27 other party to a transaction with the limited partnership reasonably  
28 believes when entering the transaction that the limited partner is a  
29 general partner, the limited partner is liable for an obligation  
30 incurred by the limited partnership within ninety days after the  
31 conversion takes effect. The limited partner's liability for all other  
32 obligations of the limited partnership incurred after the conversion  
33 takes effect is that of a limited partner as provided in the Washington  
34 uniform limited partnership act.

35 NEW SECTION. **Sec. 903.** CONVERSION OF LIMITED PARTNERSHIP TO  
36 PARTNERSHIP. (1) A limited partnership may be converted to a  
37 partnership pursuant to this section.



1 (2) Notwithstanding a provision to the contrary in a limited  
2 partnership agreement, the terms and conditions of a conversion of a  
3 limited partnership to a partnership must be approved by all of the  
4 partners.

5 (3) After the conversion is approved by the partners, the limited  
6 partnership shall cancel its certificate of limited partnership.

7 (4) The conversion takes effect when the certificate of limited  
8 partnership is canceled.

9 (5) A limited partner who becomes a general partner as a result of  
10 the conversion remains liable only as a limited partner for an  
11 obligation incurred by the limited partnership before the conversion  
12 takes effect. Except as otherwise provided in section 306 of this act,  
13 the partner is liable as a general partner for an obligation of the  
14 partnership incurred after the conversion takes effect.

15 NEW SECTION. **Sec. 904.** EFFECT OF CONVERSION; ENTITY UNCHANGED.

16 (1) A partnership or limited partnership that has been converted  
17 pursuant to this article is for all purposes the same entity that  
18 existed before the conversion.

19 (2) When a conversion takes effect:

20 (a) All property owned by the converting partnership or limited  
21 partnership remains vested in the converted entity;

22 (b) All obligations of the converting partnership or limited  
23 partnership continue as obligations of the converted entity; and

24 (c) An action or proceeding pending against the converting  
25 partnership or limited partnership may be continued as if the  
26 conversion had not occurred.

27 NEW SECTION. **Sec. 905.** MERGER OF PARTNERSHIPS. (1) One or more  
28 domestic partnerships may merge with one or more domestic partnerships,  
29 domestic limited partnerships, domestic limited liability companies, or  
30 domestic corporations pursuant to a plan of merger approved or adopted  
31 as provided in section 906 of this act.

32 (2) The plan of merger must set forth:

33 (a) The name of each partnership, limited liability company,  
34 limited partnership, and corporation planning to merge and the name of  
35 the surviving partnership, limited liability company, limited  
36 partnership, or corporation into which the other partnership, limited  
37 liability company, limited partnership, or corporation plans to merge;

1 (b) The terms and conditions of the merger; and  
2 (c) The manner and basis of converting the interests of each member  
3 of each limited liability company, the partnership interests in each  
4 partnership and each limited partnership, and the shares of each  
5 corporation party to the merger into the interests, shares,  
6 obligations, or other securities of the surviving or any other  
7 partnership, limited liability company, limited partnership, or  
8 corporation or into cash or other property in whole or part.

9 (3) The plan of merger may set forth:

10 (a) Amendments to the certificate of formation of the surviving  
11 limited liability company;

12 (b) Amendments to the certificate of limited partnership of the  
13 surviving limited partnership;

14 (c) Amendments to the articles of incorporation of the surviving  
15 corporation; and

16 (d) Other provisions relating to the merger.

17 (4) If the plan of merger does not specify a delayed effective  
18 date, it shall become effective upon the filing of articles of merger.  
19 If the plan of merger specifies a delayed effective time and date, the  
20 plan of merger becomes effective at the time and date specified. If  
21 the plan of merger specifies a delayed effective date but no time is  
22 specified, the plan of merger is effective at the close of business on  
23 that date. A delayed effective date for a plan of merger may not be  
24 later than the ninetieth day after the date it is filed.

25 NEW SECTION. **Sec. 906.** MERGER--PLAN--APPROVAL. (1) Unless  
26 otherwise provided in the partnership agreement, approval of a plan of  
27 merger by a domestic partnership party to the merger shall occur when  
28 the plan is approved by all of the partners.

29 (2) If a domestic limited partnership is a party to the merger, the  
30 plan of merger shall be adopted and approved as provided in RCW  
31 25.10.810.

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

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

1        NEW SECTION. Sec. 907. ARTICLES OF MERGER--FILING. (1) Except as  
2 otherwise provided in subsection (2) of this section, after a plan of  
3 merger is approved or adopted, the surviving partnership, limited  
4 liability company, limited partnership, or corporation shall deliver to  
5 the secretary of state for filing articles of merger setting forth:

6        (a) The plan of merger;

7        (b) If the approval of any partners, members, or shareholders of  
8 one or more partnerships, limited liability companies, limited  
9 partnerships, or corporations party to the merger was not required, a  
10 statement to that effect; or

11        (c) If the approval of any partners, members, or shareholders of  
12 one or more of the partnerships, limited liability companies, limited  
13 partnerships, or corporations party to the merger was required, a  
14 statement that the merger was duly approved by such members, partners,  
15 and shareholders pursuant to RCW 25.15.400, section 906 of this act, or  
16 chapter 23B.11 RCW.

17        (2) If the merger involves only two or more partnerships and one or  
18 more of such partnerships has filed a statement of partnership  
19 authority with the secretary of state, the surviving partnership shall  
20 file articles of merger as provided in subsection (1) of this section.

21        NEW SECTION. Sec. 908. EFFECT OF MERGER. (1) When a merger takes  
22 effect:

23        (a) Every other partnership, limited liability company, limited  
24 partnership, or corporation that is party to the merger merges into the  
25 surviving partnership, limited liability company, limited partnership,  
26 or corporation and the separate existence of every partnership, limited  
27 liability company, limited partnership, or corporation except the  
28 surviving partnership, limited liability company, limited partnership,  
29 or corporation ceases;

30        (b) The title to all real estate and other property owned by each  
31 partnership, limited liability company, limited partnership, and  
32 corporation party to the merger is vested in the surviving partnership,  
33 limited liability company, limited partnership, or corporation without  
34 reversion or impairment;

35        (c) The surviving partnership, limited liability company, limited  
36 partnership, or corporation has all liabilities of each partnership,  
37 limited liability company, limited partnership, and corporation that is  
38 party to the merger;

1 (d) A proceeding pending against any partnership, limited liability  
2 company, limited partnership, or corporation that is party to the  
3 merger may be continued as if the merger did not occur or the surviving  
4 partnership, limited liability company, limited partnership, or  
5 corporation may be substituted in the proceeding for the partnership,  
6 limited liability company, limited partnership, or corporation whose  
7 existence ceased;

8 (e) The certificate of formation of the surviving limited liability  
9 company is amended to the extent provided in the plan of merger;

10 (f) The partnership agreement of the surviving limited partnership  
11 is amended to the extent provided in the plan of merger;

12 (g) The articles of incorporation of the surviving corporation are  
13 amended to the extent provided in the plan of merger; and

14 (h) The former members of every limited liability company party to  
15 the merger, the former holders of the partnership interests of every  
16 domestic partnership or limited partnership that is party to the  
17 merger, and the former holders of the shares of every domestic  
18 corporation that is party to the merger are entitled only to the rights  
19 provided in the plan of merger, or to their rights under this article,  
20 to their rights under RCW 25.10.900 through 25.10.955, or to their  
21 rights under chapter 23B.13 RCW.

22 (2) Unless otherwise agreed, a merger of a domestic partnership,  
23 including a domestic partnership which is not the surviving entity in  
24 the merger, shall not require the domestic partnership to wind up its  
25 affairs under article 8 of this chapter.

26 (3) Unless otherwise agreed, a merger of a domestic limited  
27 partnership, including a domestic limited partnership which is not the  
28 surviving entity in the merger, shall not require the domestic limited  
29 partnership to wind up its affairs under RCW 25.10.460 or pay its  
30 liabilities and distribute its assets under RCW 25.10.470.

31 (4) Unless otherwise agreed, a merger of a domestic limited  
32 liability company, including a domestic limited liability company which  
33 is not the surviving entity in the merger, shall not require the  
34 domestic limited liability company to wind up its affairs under RCW  
35 25.15.295 or pay its liabilities and distribute its assets under RCW  
36 25.15.300.

37 NEW SECTION. **Sec. 909.** MERGER--FOREIGN AND DOMESTIC. (1) One or  
38 more foreign partnerships, foreign limited liability companies, foreign

1 limited partnerships, and foreign corporations may merge with one or  
2 more domestic partnerships, domestic limited liability companies,  
3 domestic limited partnerships, or domestic corporations if:

4 (a) The merger is permitted by the law of the jurisdiction under  
5 which each foreign partnership was organized, each foreign limited  
6 liability company was formed, each foreign limited partnership was  
7 organized, and each foreign corporation was incorporated, and each  
8 foreign partnership, foreign limited liability company, foreign limited  
9 partnership, and foreign corporation complies with that law in  
10 effecting the merger;

11 (b) The surviving entity complies with section 907 of this act;

12 (c) Each domestic limited liability company complies with RCW  
13 25.15.400;

14 (d) Each domestic limited partnership complies with RCW 25.10.810;  
15 and

16 (e) Each domestic corporation complies with RCW 23B.11.080.

17 (2) Upon the merger taking effect, a surviving foreign limited  
18 liability company, limited partnership, or corporation is deemed to  
19 appoint the secretary of state as its agent for service of process in  
20 a proceeding to enforce any obligation or the rights of dissenting  
21 members, partners or shareholders of each domestic limited liability  
22 company, domestic limited partnership, or domestic corporation party to  
23 the merger.

24 NEW SECTION. **Sec. 910.** NONEXCLUSIVE. This article is not  
25 exclusive. Partnerships, limited partnerships, limited liability  
26 companies, or corporations may be converted or merged in any other  
27 manner provided by law.

28 **ARTICLE 10**  
29 **DISSENTERS' RIGHTS**

30 NEW SECTION. **Sec. 1001.** DEFINITIONS. The definitions in this  
31 section apply throughout this article, unless the context clearly  
32 requires otherwise.

33 (1) "Partnership" means the domestic partnership in which the  
34 dissenter holds or held a partnership interest, or the surviving  
35 partnership, limited liability company, limited partnership, or

1 corporation by merger, whether foreign or domestic, of that  
2 partnership.

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

6 (3) "Fair value," with respect to a dissenter's partnership  
7 interest, means the value of the partner's interest immediately before  
8 the effectuation of the merger to which the dissenter objects,  
9 excluding any appreciation or depreciation in anticipation of the  
10 merger unless exclusion would be inequitable.

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

15 NEW SECTION. **Sec. 1002.** PARTNER--DISSENT--PAYMENT OF FAIR VALUE.

16 (1) Except as provided in section 1004 or 1006(2) of this act, a  
17 partner in a domestic partnership is entitled to dissent from, and  
18 obtain payment of the fair value of the partner's interest in a  
19 partnership in the event of consummation of a plan of merger to which  
20 the partnership is a party as permitted by section 905 or 909 of this  
21 act.

22 (2) A partner entitled to dissent and obtain payment for the  
23 partner's interest in a partnership under this article may not  
24 challenge the merger creating the partner's entitlement unless the  
25 merger fails to comply with the procedural requirements imposed by this  
26 title, Title 23B RCW, RCW 25.10.800 through 25.10.840, or 25.15.430, as  
27 applicable, or the partnership agreement, or is fraudulent with respect  
28 to the partner or the partnership.

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

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

33 (b) A court having jurisdiction permanently enjoins or sets aside  
34 the merger; or

35 (c) The partner's demand for payment is withdrawn with the written  
36 consent of the partnership.

1        NEW SECTION.    **Sec. 1003.**    DISSENTERS' RIGHTS--NOTICE--TIMING.    (1)  
2    Not less than ten days prior to the approval of a plan of merger, the  
3    partnership must send a written notice to all partners who are entitled  
4    to vote on or approve the plan of merger that they may be entitled to  
5    assert dissenters' rights under this article.    Such notice shall be  
6    accompanied by a copy of this article.

7        (2) The partnership shall notify in writing all partners not  
8    entitled to vote on or approve the plan of merger that the plan of  
9    merger was approved, and send them the dissenters' notice as required  
10   by section 1005 of this act.

11       NEW SECTION.    **Sec. 1004.**    PARTNER--DISSENT--VOTING RESTRICTION.    A  
12   partner of a partnership who is entitled to vote on or approve the plan  
13   of merger and who wishes to assert dissenters' rights must not vote in  
14   favor of or approve the plan of merger.    A partner who does not satisfy  
15   the requirements of this section is not entitled to payment for the  
16   partner's interest in the partnership under this article.

17       NEW SECTION.        **Sec. 1005.**        PARTNERS--DISSENTERS' NOTICE--  
18   REQUIREMENTS.    (1) If the plan of merger is approved, the partnership  
19   shall deliver a written dissenters' notice to all partners who  
20   satisfied the requirements of section 1004 of this act.

21        (2) The dissenters' notice required by section 1003(2) of this act  
22   or by subsection (1) of this section must be sent within ten days after  
23   the approval of the plan of merger, and must:

- 24        (a) State where the payment demand must be sent;
- 25        (b) Inform partners as to the extent transfer of the partner's  
26   interest in the partnership will be restricted as permitted by section  
27   1007 of this act after the payment demand is received;
- 28        (c) Supply a form for demanding payment;
- 29        (d) Set a date by which the partnership must receive the payment  
30   demand, which date may not be fewer than thirty nor more than sixty  
31   days after the date the notice under this section is delivered; and  
32        (e) Be accompanied by a copy of this article.

33       NEW SECTION.    **Sec. 1006.**    PARTNER--PAYMENT DEMAND--ENTITLEMENT.  
34   (1) A partner who demands payment retains all other rights of a partner  
35   in the partnership until the proposed merger becomes effective.

1 (2) A partner in a partnership sent a dissenters' notice who does  
2 not demand payment by the date set in the dissenters' notice is not  
3 entitled to payment for the partner's interest in the partnership under  
4 this article.

5 NEW SECTION. **Sec. 1007.** PARTNERS' INTERESTS--TRANSFER  
6 RESTRICTION. The partnership agreement may restrict the transfer of  
7 partners' interests in the partnership from the date the demand for  
8 their payment is received until the proposed merger becomes effective  
9 or the restriction is released under this article.

10 NEW SECTION. **Sec. 1008.** PAYMENT OF FAIR VALUE--REQUIREMENTS FOR  
11 COMPLIANCE. (1) Within thirty days of the later of the date the  
12 proposed merger becomes effective, or the payment demand is received,  
13 the partnership shall pay each dissenter who complied with section 1006  
14 of this act the amount the partnership estimates to be the fair value  
15 of the dissenting partner's interest in the partnership, plus accrued  
16 interest.

17 (2) The payment must be accompanied by:

18 (a) Copies of the financial statements for the partnership for its  
19 most recent fiscal year;

20 (b) An explanation of how the partnership estimated the fair value  
21 of the partner's interest in the partnership;

22 (c) An explanation of how the accrued interest was calculated;

23 (d) A statement of the dissenter's right to demand payment; and

24 (e) A copy of this article.

25 NEW SECTION. **Sec. 1009.** MERGER--NOT EFFECTIVE WITHIN SIXTY DAYS--  
26 TRANSFER RESTRICTIONS. (1) If the proposed merger does not become  
27 effective within sixty days after the date set for demanding payment,  
28 the partnership shall release any transfer restrictions imposed as  
29 permitted by section 1007 of this act.

30 (2) If, after releasing transfer restrictions, the proposed merger  
31 becomes effective, the partnership must send a new dissenters' notice  
32 as provided in sections 1003(2) and 1005 of this act and repeat the  
33 payment demand procedure.

34 NEW SECTION. **Sec. 1010.** DISSENTER'S ESTIMATE OF FAIR VALUE--  
35 NOTICE. (1) A dissenting partner may notify the partnership in writing



1 of the dissenter's own estimate of the fair value of the dissenter's  
2 interest in the partnership, and amount of interest due, and demand  
3 payment of the dissenter's estimate, less any payment under section  
4 1009 of this act, if:

5 (a) The dissenter believes that the amount paid is less than the  
6 fair value of the dissenter's interest in the partnership, or that the  
7 interest due is incorrectly calculated;

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

10 (c) The partnership, having failed to effectuate the proposed  
11 merger, does not release the transfer restrictions imposed on the  
12 partners' interests as permitted by section 1007 of this act within  
13 sixty days after the date set for demanding payment.

14 (2) A dissenter waives the right to demand payment under this  
15 section unless the dissenter notifies the partnership of the  
16 dissenter's demand in writing under subsection (1) of this section  
17 within thirty days after the partnership made payment for the  
18 dissenter's interest in the partnership.

19 NEW SECTION. **Sec. 1011.** UNSETTLED DEMAND FOR PAYMENT--  
20 PROCEEDING--PARTIES--APPRAISERS. (1) If a demand for payment under  
21 section 1006 of this act remains unsettled, the partnership shall  
22 commence a proceeding within sixty days after receiving the payment  
23 demand and petition the court to determine the fair value of the  
24 dissenting partner's interest in the partnership, and accrued interest.  
25 If the partnership does not commence the proceeding within the sixty-  
26 day period, it shall pay each dissenter whose demand remains unsettled  
27 the amount demanded.

28 (2) The partnership shall commence the proceeding in the superior  
29 court. If the partnership is a domestic partnership, it shall commence  
30 the proceeding in the county where its chief executive office is  
31 maintained.

32 (3) The partnership shall make all dissenters, whether or not  
33 residents of this state, whose demands remain unsettled parties to the  
34 proceeding as in an action against their partnership interests in the  
35 partnership and all parties must be served with a copy of the petition.  
36 Nonresidents may be served by registered or certified mail or by  
37 publication as provided by law.

1 (4) The partnership may join as a party to the proceeding any  
2 partner who claims to be a dissenter but who has not, in the opinion of  
3 the partnership, complied with the provisions of this article. If the  
4 court determines that such partner has not complied with the provisions  
5 of this article, the partner shall be dismissed as a party.

6 (5) The jurisdiction of the court in which the proceeding is  
7 commenced is plenary and exclusive. The court may appoint one or more  
8 persons as appraisers to receive evidence and recommend decisions on  
9 the question of fair value. The appraisers have the powers described  
10 in the order appointing them or in any amendment to it. The dissenters  
11 are entitled to the same discovery rights as parties in other civil  
12 proceedings.

13 (6) Each dissenter made a party to the proceeding is entitled to  
14 judgment for the amount, if any, by which the court finds the fair  
15 value of the dissenter's partnership interest in the partnership, plus  
16 interest, exceeds the amount paid by the partnership.

17 NEW SECTION. Sec. 1012. UNSETTLED DEMAND FOR PAYMENT--COSTS--FEES  
18 AND EXPENSES OF COUNSEL. (1) The court in a proceeding commenced under  
19 section 1011 of this act shall determine all costs of the proceeding,  
20 including the reasonable compensation and expenses of appraisers  
21 appointed by the court. The court shall assess the costs against the  
22 partnership, except that the court may assess the costs against all or  
23 some of the dissenters, in amounts the court finds equitable, to the  
24 extent the court finds the dissenters acted arbitrarily, vexatiously,  
25 or not in good faith in demanding payment.

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

29 (a) Against the partnership and in favor of any or all dissenters  
30 if the court finds the partnership did not substantially comply with  
31 the requirements of this article; or

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

36 (3) If the court finds that the services of counsel for any  
37 dissenter were of substantial benefit to other dissenters similarly  
38 situated, and that the fees for those services should not be assessed

1 against the partnership, the court may award to these counsel  
2 reasonable fees to be paid out of the amounts awarded to the dissenters  
3 who were benefited.

4 **ARTICLE 11**

5 **LIMITED LIABILITY PARTNERSHIP**

6 NEW SECTION. **Sec. 1101.** ~~FORMATION--REGISTRATION--APPLICATION--~~  
7 ~~FEE--FORMS.~~ (1) A partnership which is not a limited liability  
8 partnership on the effective date of this act may become a limited  
9 liability partnership upon the approval of the terms and conditions  
10 upon which it becomes a limited liability partnership by the vote  
11 necessary to amend the partnership agreement except, in the case of a  
12 partnership agreement that expressly considers obligations to  
13 contribute to the partnership, the vote necessary to amend those  
14 provisions, and by filing the applications required by subsection (2)  
15 of this section. A partnership which is a limited liability  
16 partnership on the effective date of this act continues as a limited  
17 liability partnership under this chapter.

18 (2) To become and to continue as a limited liability partnership,  
19 a partnership shall file with the secretary of state an application  
20 stating the name of the partnership; the address of its principal  
21 office; if the partnership's principal office is not located in this  
22 state, the address of a registered office and the name and address of  
23 a registered agent for service of process in this state which the  
24 partnership will be required to maintain; the number of partners; a  
25 brief statement of the business in which the partnership engages; any  
26 other matters that the partnership determines to include; and that the  
27 partnership thereby applies for status as a limited liability  
28 partnership.

29 (3) The application shall be accompanied by a fee of one hundred  
30 seventy-five dollars for each partnership.

31 (4) The secretary of state shall register as a limited liability  
32 partnership any partnership that submits a completed application with  
33 the required fee.

34 (5) A partnership registered under this section shall pay an annual  
35 fee, in each year following the year in which its application is filed,  
36 on a date and in an amount specified by the secretary of state. The  
37 fee must be accompanied by a notice, on a form provided by the

1 secretary of state, of the number of partners currently in the  
2 partnership and of any material changes in the information contained in  
3 the partnership's application for registration.

4 (6) Registration is effective immediately after the date an  
5 application is filed, and remains effective until:

6 (a) It is voluntarily withdrawn by filing with the secretary of  
7 state a written withdrawal notice executed by a majority of the  
8 partners or by one or more partners or other persons authorized to  
9 execute a withdrawal notice; or

10 (b) Thirty days after receipt by the partnership of a notice from  
11 the secretary of state, which notice shall be sent by first class mail,  
12 postage prepaid, that the partnership has failed to make timely payment  
13 of the annual fee specified in subsection (5) of this section, unless  
14 the fee is paid within such a thirty-day period.

15 (7) The status of a partnership as a limited liability partnership,  
16 and the liability of the partners thereof, shall not be affected by:

17 (a) Errors in the information stated in an application under  
18 subsection (2) of this section or a notice under subsection (6) of this  
19 section; or (b) changes after the filing of such an application or  
20 notice in the information stated in the application or notice.

21 (8) The secretary of state may provide forms for the application  
22 under subsection (2) of this section or a notice under subsection (6)  
23 of this section.

24 NEW SECTION. **Sec. 1102.** NAME. The name of a limited liability  
25 partnership shall contain the words "limited liability partnership" or  
26 the abbreviation "L.L.P." or "LLP" as the last words or letters of its  
27 name.

28 NEW SECTION. **Sec. 1103.** RENDERING PROFESSIONAL SERVICES. (1) A  
29 person or group of persons licensed or otherwise legally authorized to  
30 render professional services, as defined in RCW 18.100.030, within this  
31 state may organize and become a member or members of a limited  
32 liability partnership under the provisions of this chapter for the  
33 purposes of rendering professional service. Nothing in this section  
34 prohibits a person duly licensed or otherwise legally authorized to  
35 render professional services in any jurisdiction other than this state  
36 from becoming a member of a limited liability partnership organized for  
37 the purpose of rendering the same professional services. Nothing in

1 this section prohibits a limited liability partnership from rendering  
2 professional services outside this state through individuals who are  
3 not duly licensed or otherwise legally authorized to render such  
4 professional services within this state.

5 (2)(a) Notwithstanding any other provision of this chapter, health  
6 care professionals who are licensed or certified pursuant to chapters  
7 18.06, 18.19, 18.22, 18.25, 18.29, 18.34, 18.35, 18.36A, 18.50, 18.53,  
8 18.55, 18.64, 18.79, 18.83, 18.89, 18.108, and 18.138 RCW may join and  
9 render their individual professional services through one limited  
10 liability partnership and are to be considered, for the purpose of  
11 forming a limited liability partnership, as rendering the "same  
12 specific professional services" or "same professional services" or  
13 similar terms.

14 (b) Notwithstanding any other provision of this chapter, health  
15 care professionals who are licensed pursuant to chapters 18.57 and  
16 18.71 RCW may join and render their individual professional services  
17 through one limited liability partnership and are to be considered, for  
18 the purpose of forming a limited liability partnership, as rendering  
19 the "same specific professional services" or "same professional  
20 services" or similar terms.

21 (c) Formation of a limited liability partnership under this  
22 subsection does not restrict the application of the uniform  
23 disciplinary act under chapter 18.130 RCW, or any applicable health  
24 care professional statutes under Title 18 RCW, including but not  
25 limited to restrictions on persons practicing a health profession  
26 without being appropriately credentialed and persons practicing beyond  
27 the scope of their credential.

## 28 ARTICLE 12

### 29 FOREIGN LIMITED LIABILITY PARTNERSHIP

30 NEW SECTION. **Sec. 1201.** LAW GOVERNING FOREIGN LIMITED LIABILITY  
31 PARTNERSHIP. (1) The law under which a foreign limited liability  
32 partnership is formed governs relations among the partners and between  
33 the partners and the partnership and, except as otherwise provided in  
34 section 306(4) of this act, the liability of partners for obligations  
35 of the partnership.

36 (2) A foreign limited liability partnership may not be denied a  
37 statement of foreign qualification by reason of any difference between

1 the law under which the partnership was formed and the law of this  
2 state.

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

7 NEW SECTION. **Sec. 1202.** STATEMENT OF FOREIGN QUALIFICATION.  
8 Before transacting business in this state, a foreign limited liability  
9 partnership must register with the secretary of state under this  
10 chapter in the same manner as a limited liability partnership, except  
11 that if the foreign limited liability partnership's name contains the  
12 words "registered limited liability partnership" or the abbreviation  
13 "R.L.L.P." or "RLLP," it may include those words or abbreviations in  
14 its application with the secretary of state.

15 NEW SECTION. **Sec. 1203.** EFFECT OF FAILURE TO QUALIFY. (1) A  
16 foreign limited liability partnership transacting business in this  
17 state may not maintain an action or proceeding in this state unless it  
18 has in effect a registration as a foreign limited liability  
19 partnership.

20 (2) The failure of a foreign limited liability partnership to have  
21 in effect a registration as a foreign limited liability partnership  
22 does not impair the validity of a contract or act of the foreign  
23 limited liability partnership or preclude it from defending an action  
24 or proceeding in this state.

25 (3) A limitation on personal liability of a partner is not waived  
26 solely by transacting business in this state without registration as a  
27 foreign limited liability partnership.

28 (4) If a foreign limited liability partnership transacts business  
29 in this state without a registration as a foreign limited liability  
30 partnership, the secretary of state is its agent for service of process  
31 with respect to a right of action arising out of the transaction of  
32 business in this state.

33 NEW SECTION. **Sec. 1204.** ACTIVITIES NOT CONSTITUTING TRANSACTING  
34 BUSINESS. (1) Activities of a foreign limited liability partnership  
35 which do not constitute transacting business for the purpose of this  
36 article include:

- 1 (a) Maintaining, defending, or settling an action or proceeding;  
2 (b) Holding meetings of its partners or carrying on any other  
3 activity concerning its internal affairs;  
4 (c) Maintaining bank accounts;  
5 (d) Maintaining offices or agencies for the transfer, exchange, and  
6 registration of the partnership's own securities or maintaining  
7 trustees or depositories with respect to those securities;  
8 (e) Selling through independent contractors;  
9 (f) Soliciting or obtaining orders, whether by mail or through  
10 employees or agents or otherwise, if the orders require acceptance  
11 outside this state before they become contracts;  
12 (g) Creating or acquiring indebtedness, with or without a mortgage,  
13 or other security interest in property;  
14 (h) Collecting debts or foreclosing mortgages or other security  
15 interests in property securing the debts, and holding, protecting, and  
16 maintaining property so acquired;  
17 (i) Conducting an isolated transaction that is completed within  
18 thirty days and is not one in the course of similar transactions; and  
19 (j) Transacting business in interstate commerce.  
20 (2) For purposes of this article, the ownership in this state of  
21 income-producing real property or tangible personal property, other  
22 than property excluded under subsection (1) of this section,  
23 constitutes transacting business in this state.  
24 (3) This section does not apply in determining the contacts or  
25 activities that may subject a foreign limited liability partnership to  
26 service of process, taxation, or regulation under any other law of this  
27 state.

28 NEW SECTION. **Sec. 1205.** ACTION BY ATTORNEY GENERAL. The attorney  
29 general may maintain an action to restrain a foreign limited liability  
30 partnership from transacting business in this state in violation of  
31 this chapter.

32 **ARTICLE 13**  
33 **MISCELLANEOUS PROVISIONS**

34 NEW SECTION. **Sec. 1301.** UNIFORMITY OF APPLICATION AND  
35 CONSTRUCTION. This act shall be applied and construed to effectuate

1 its general purpose to make uniform the law with respect to the subject  
2 of this act among states enacting it.

3 NEW SECTION. **Sec. 1302.** SHORT TITLE. This chapter may be cited  
4 as the Washington revised uniform partnership act.

5 NEW SECTION. **Sec. 1303.** SEVERABILITY CLAUSE. If any provision of  
6 this act or its application to any person or circumstance is held  
7 invalid, the remainder of the act or the application of the provision  
8 to other persons or circumstances is not affected.

9 NEW SECTION. **Sec. 1304.** APPLICABILITY. (1) Before January 1,  
10 1999, this chapter governs only a partnership formed:

11 (a) After the effective date of this act, unless that partnership  
12 is continuing the business of a dissolved partnership under RCW  
13 25.04.410; and

14 (b) Before the effective date of this act, that elects, as provided  
15 by subsection (3) of this section, to be governed by this chapter.

16 (2) Effective January 1, 1999, this chapter governs all  
17 partnerships.

18 (3) Before January 1, 1999, a partnership voluntarily may elect, in  
19 the manner provided in its partnership agreement or by law for amending  
20 the partnership agreement, to be governed by this chapter. The  
21 provisions of this chapter relating to the liability of the  
22 partnership's partners to third parties apply to limit those partners'  
23 liability to a third party who had done business with the partnership  
24 within one year preceding the partnership's election to be governed by  
25 this chapter, only if the third party knows or has received a  
26 notification of the partnership's election to be governed by this  
27 chapter.

28 NEW SECTION. **Sec. 1305.** SAVINGS CLAUSE. This act does not affect  
29 an action or proceeding commenced or right accrued before the effective  
30 date of this act.

31 NEW SECTION. **Sec. 1306.** ESTABLISHMENT OF FILING FEES AND  
32 MISCELLANEOUS CHARGES. (1) The secretary of state shall adopt rules  
33 establishing fees which shall be charged and collected for:

34 (a) Filing of a statement;



1 (b) Filing of a certified copy of a statement that is filed in an  
2 office in another state;

3 (c) Filing amendments to any of the foregoing or any other  
4 certificate, statement, or report authorized or permitted to be filed;  
5 and

6 (d) Copies, certified copies, certificates, and expedited filings  
7 or other special services.

8 (2) In the establishment of a fee schedule, the secretary of state  
9 shall, insofar as is possible and reasonable, be guided by the fee  
10 schedule provided for corporations covered by Title 23B RCW. Fees for  
11 copies, certified copies, and certificates of record shall be as  
12 provided for in RCW 23B.01.220.

13 (3) All fees collected by the secretary of state shall be deposited  
14 with the state treasurer pursuant to law.

15 NEW SECTION. **Sec. 1307.** AUTHORITY TO ADOPT RULES. The secretary  
16 of state shall adopt such rules as are necessary to implement the  
17 keeping of records required by this chapter.

18 NEW SECTION. **Sec. 1308.** REPEALERS. The following acts or parts  
19 of acts are each repealed:

20 (1) RCW 25.04.010 and 1955 c 15 s 25.04.010;

21 (2) RCW 25.04.020 and 1985 c 8 s 2;

22 (3) RCW 25.04.030 and 1955 c 15 s 25.04.030;

23 (4) RCW 25.04.040 and 1955 c 15 s 25.04.040;

24 (5) RCW 25.04.050 and 1955 c 15 s 25.04.050;

25 (6) RCW 25.04.060 and 1955 c 15 s 25.04.060;

26 (7) RCW 25.04.070 and 1973 1st ex.s. c 154 s 24 & 1955 c 15 s  
27 25.04.070;

28 (8) RCW 25.04.080 and 1955 c 15 s 25.04.080;

29 (9) RCW 25.04.090 and 1955 c 15 s 25.04.090;

30 (10) RCW 25.04.100 and 1955 c 15 s 25.04.100;

31 (11) RCW 25.04.110 and 1955 c 15 s 25.04.110;

32 (12) RCW 25.04.120 and 1955 c 15 s 25.04.120;

33 (13) RCW 25.04.130 and 1955 c 15 s 25.04.130;

34 (14) RCW 25.04.140 and 1955 c 15 s 25.04.140;

35 (15) RCW 25.04.150 and 1985 c 8 s 3;

36 (16) RCW 25.04.160 and 1955 c 15 s 25.04.160;

37 (17) RCW 25.04.170 and 1955 c 15 s 25.04.170;

1 (18) RCW 25.04.180 and 1955 c 15 s 25.04.180;  
2 (19) RCW 25.04.190 and 1955 c 15 s 25.04.190;  
3 (20) RCW 25.04.200 and 1955 c 15 s 25.04.200;  
4 (21) RCW 25.04.210 and 1955 c 15 s 25.04.210;  
5 (22) RCW 25.04.220 and 1955 c 15 s 25.04.220;  
6 (23) RCW 25.04.230 and 1955 c 15 s 25.04.230;  
7 (24) RCW 25.04.240 and 1955 c 15 s 25.04.240;  
8 (25) RCW 25.04.250 and 1973 1st ex.s. c 154 s 25 & 1955 c 15 s  
9 25.04.250;  
10 (26) RCW 25.04.260 and 1955 c 15 s 25.04.260;  
11 (27) RCW 25.04.270 and 1955 c 15 s 25.04.270;  
12 (28) RCW 25.04.280 and 1955 c 15 s 25.04.280;  
13 (29) RCW 25.04.290 and 1955 c 15 s 25.04.290;  
14 (30) RCW 25.04.300 and 1955 c 15 s 25.04.300;  
15 (31) RCW 25.04.310 and 1955 c 15 s 25.04.310;  
16 (32) RCW 25.04.320 and 1955 c 15 s 25.04.320;  
17 (33) RCW 25.04.330 and 1955 c 15 s 25.04.330;  
18 (34) RCW 25.04.340 and 1955 c 15 s 25.04.340;  
19 (35) RCW 25.04.350 and 1955 c 15 s 25.04.350;  
20 (36) RCW 25.04.360 and 1955 c 15 s 25.04.360;  
21 (37) RCW 25.04.370 and 1955 c 15 s 25.04.370;  
22 (38) RCW 25.04.380 and 1955 c 15 s 25.04.380;  
23 (39) RCW 25.04.390 and 1955 c 15 s 25.04.390;  
24 (40) RCW 25.04.400 and 1955 c 15 s 25.04.400;  
25 (41) RCW 25.04.410 and 1955 c 15 s 25.04.410;  
26 (42) RCW 25.04.420 and 1955 c 15 s 25.04.420;  
27 (43) RCW 25.04.430 and 1955 c 15 s 25.04.430;  
28 (44) RCW 25.04.700 and 1995 c 337 s 1;  
29 (45) RCW 25.04.705 and 1995 c 337 s 2;  
30 (46) RCW 25.04.710 and 1995 c 337 s 3;  
31 (47) RCW 25.04.715 and 1995 c 337 s 4;  
32 (48) RCW 25.04.720 and 1997 c 390 s 5, 1996 c 231 s 4, & 1995 c 337  
33 s 5;  
34 (49) RCW 25.04.725 and 1995 c 337 s 6;  
35 (50) RCW 25.04.730 and 1995 c 337 s 7;  
36 (51) RCW 25.04.735 and 1995 c 337 s 8;  
37 (52) RCW 25.04.740 and 1995 c 337 s 9;  
38 (53) RCW 25.04.745 and 1995 c 337 s 10; and  
39 (54) RCW 25.04.750 and 1995 c 337 s 11.

1       **Sec. 1309.** RCW 43.07.120 and 1994 c 211 s 1310 and 1994 c 60 s 5  
2 are each reenacted and amended to read as follows:

3       (1) The secretary of state shall establish by rule and collect the  
4 fees in this subsection:

5       (a) For a copy of any law, resolution, record, or other document or  
6 paper on file in the secretary's office;

7       (b) For any certificate under seal;

8       (c) For filing and recording trademark;

9       (d) For each deed or patent of land issued by the governor;

10       (e) For recording miscellaneous records, papers, or other  
11 documents.

12       (2) The secretary of state may adopt rules under chapter 34.05 RCW  
13 establishing reasonable fees for the following services rendered under  
14 Title 23B RCW, chapter 18.100, 19.77, 23.86, 23.90, 24.03, 24.06,  
15 24.12, 24.20, 24.24, 24.28, 24.36, 25.15, ~~((or))~~ 25.10, or chapter  
16 25.-- (sections 101 through 1307 of this act) RCW:

17       (a) Any service rendered in-person at the secretary of state's  
18 office;

19       (b) Any expedited service;

20       (c) The electronic or facsimile transmittal of information from  
21 corporation records or copies of documents;

22       (d) The providing of information by micrographic or other reduced-  
23 format compilation;

24       (e) The handling of checks, drafts, or credit or debit cards upon  
25 adoption of rules authorizing their use for which sufficient funds are  
26 not on deposit; and

27       (f) Special search charges.

28       (3) To facilitate the collection of fees, the secretary of state  
29 may establish accounts for deposits by persons who may frequently be  
30 assessed such fees to pay the fees as they are assessed. The secretary  
31 of state may make whatever arrangements with those persons as may be  
32 necessary to carry out this section.

33       (4) The secretary of state may adopt rules for the use of credit or  
34 debit cards for payment of fees.

35       (5) No member of the legislature, state officer, justice of the  
36 supreme court, judge of the court of appeals, or judge of the superior  
37 court shall be charged for any search relative to matters pertaining to  
38 the duties of his or her office; nor may such official be charged for  
39 a certified copy of any law or resolution passed by the legislature

1 relative to his or her official duties, if such law has not been  
2 published as a state law.

3 **Sec. 1310.** RCW 23B.11.080 and 1991 c 269 s 38 are each amended to  
4 read as follows:

5 (1) One or more domestic corporations may merge with one or more  
6 limited liability companies, partnerships, or limited partnerships if:

7 (a) The board of directors of each corporation adopts and the  
8 shareholders of each corporation approve, if approval would be  
9 necessary, the plan of merger as required by RCW 23B.11.030; ((and))

10 (b) The partners of each limited partnership approve the plan of  
11 merger as required by RCW 25.10.810;

12 (c) The partners of each partnership approve the plan of merger as  
13 required by section 906 of this act; and

14 (d) The members of each limited liability company approve, if  
15 approval is necessary, the plan of merger as required by RCW 25.15.400.

16 (2) The plan of merger must set forth:

17 (a) The name of each limited liability company, partnership,  
18 corporation, and limited partnership planning to merge and the name of  
19 the surviving limited liability company, partnership, corporation, or  
20 limited partnership into which each other limited liability company,  
21 partnership, corporation, or limited partnership plans to merge;

22 (b) The terms and conditions of the merger; and

23 (c) The manner and basis of converting the shares of each  
24 corporation, the member interests of each limited liability company,  
25 and the partnership interests ((of)) in each partnership and each  
26 limited partnership into shares, limited liability company member  
27 interests, partnership interests, obligations or other securities of  
28 the surviving limited liability company, partnership, corporation, or  
29 limited partnership, or into cash or other property, including shares,  
30 obligations, or securities of any other limited liability company,  
31 partnership, or corporation, and partnership interests, obligations, or  
32 securities of any other limited partnership, in whole or in part.

33 (3) The plan of merger may set forth:

34 (a) Amendments to the articles of incorporation of the surviving  
35 corporation;

36 (b) Amendments to the certificate of limited partnership of the  
37 surviving limited partnership; and

38 (c) Other provisions relating to the merger.

1       **Sec. 1311.** RCW 23B.11.090 and 1991 c 269 s 39 are each amended to  
2 read as follows:

3       After a plan of merger for one or more corporations and one or more  
4 limited partnerships, one or more partnerships, or one or more limited  
5 liability companies is approved by the shareholders of each corporation  
6 (or adopted by the board of directors of any corporation for which  
7 shareholder approval is not required), ~~((and))~~ is approved by the  
8 partners for each limited partnership as required by RCW 25.10.810, is  
9 approved by the partners of each partnership as required by section 907  
10 of this act, or is approved by the members of each limited liability  
11 company as required by RCW 25.15.400, the surviving entity must:

12       (1) If the surviving entity is a corporation, file with the  
13 secretary of state articles of merger setting forth:

14       (a) The plan of merger;

15       (b) A statement that the merger was duly approved by the  
16 shareholders of each corporation pursuant to RCW 23B.11.030 (or a  
17 statement that shareholder approval was not required for a merging  
18 corporation); and

19       (c) A statement that the merger was duly approved by the partners  
20 of each limited partnership pursuant to RCW 25.10.810.

21       (2) If the surviving entity is a limited partnership, comply with  
22 the requirements in RCW 25.10.820.

23       (3) If the surviving entity is a partnership, comply with the  
24 requirements in section 907 of this act.

25       (4) If the surviving entity is a limited liability company, comply  
26 with the requirements in RCW 25.15.405.

27       **Sec. 1312.** RCW 23B.11.100 and 1991 c 269 s 40 are each amended to  
28 read as follows:

29       When a merger of one or more corporations ~~((and))~~, one or more  
30 limited partnerships, one or more partnerships, or one or more limited  
31 liability companies takes effect, and a corporation is the surviving  
32 entity:

33       (1) Every other corporation ~~((and))~~, every limited partnership,  
34 every partnership, and every limited liability company party to the  
35 merger merges into the surviving corporation and the separate existence  
36 of every corporation except the surviving corporation, and every  
37 limited partnership, partnership, and limited liability company,  
38 ceases;

1 (2) The title to all real estate and other property owned by each  
2 corporation (~~and~~), limited partnership, partnership, and limited  
3 liability company party to the merger is vested in the surviving  
4 corporation without reversion or impairment;

5 (3) The surviving corporation has all the liabilities of each  
6 corporation (~~and~~), limited partnership, partnership, and limited  
7 liability company party to the merger;

8 (4) A proceeding pending against any corporation (~~or~~), limited  
9 partnership, partnership, or limited liability company party to the  
10 merger may be continued as if the merger did not occur or the surviving  
11 corporation may be substituted in the proceeding for the corporation  
12 (~~or~~), limited partnership, partnership, or limited liability company  
13 whose existence ceased;

14 (5) The articles of incorporation of the surviving corporation are  
15 amended to the extent provided in the plan of merger;

16 (6) The former holders of the shares of every corporation party to  
17 the merger are entitled only to the rights provided in the plan of  
18 merger or to their rights under chapter 23B.13 RCW; and

19 (7) The former holders of partnership interests of every limited  
20 partnership or partnership party to the merger and the former holders  
21 of member interests of every limited liability company party to the  
22 merger are entitled only to the rights provided in the plan of merger  
23 or to their rights under chapter 25.10 RCW.

24 **Sec. 1313.** RCW 23B.11.110 and 1991 c 269 s 41 are each amended to  
25 read as follows:

26 (1) One or more foreign limited partnerships (~~and one or more~~),  
27 foreign corporations, foreign partnerships, and foreign limited  
28 liability companies may merge with one or more domestic partnerships,  
29 domestic limited liability companies, domestic limited partnerships, or  
30 domestic corporations, provided that:

31 (a) The merger is permitted by the law of the jurisdiction under  
32 which each foreign limited partnership was organized and the law of the  
33 state or country under which each foreign corporation was incorporated  
34 and each foreign limited partnership or foreign corporation complies  
35 with that law in effecting the merger;

36 (b) If the surviving entity is a foreign or domestic corporation,  
37 that corporation complies with RCW 23B.11.090;

1 (c) If the surviving entity is a foreign or domestic limited  
2 partnership, that limited partnership complies with RCW 25.10.820;

3 (d) Each domestic corporation complies with RCW 23B.11.080; ~~((and))~~

4 (e) Each domestic limited partnership complies with RCW 25.10.810;

5 (f) Each domestic limited liability company complies with RCW  
6 25.15.400; and

7 (g) Each domestic partnership complies with section 906 of this  
8 act.

9 (2) Upon the merger taking effect, a surviving foreign corporation  
10 ~~((or)),~~ foreign limited partnership, foreign limited liability  
11 corporation, or foreign partnership is deemed:

12 (a) To appoint the secretary of state as its agent for service of  
13 process in a proceeding to enforce any obligation or the rights of  
14 dissenting shareholders or partners of each domestic corporation  
15 ~~((or)),~~ domestic limited partnership, domestic limited liability  
16 company, or domestic partnership party to the merger; and

17 (b) To agree that it will promptly pay to the dissenting  
18 shareholders or partners of each domestic corporation ~~((or)),~~ domestic  
19 limited partnership, domestic limited liability company, or domestic  
20 partnership party to the merger the amount, if any, to which they are  
21 entitled under chapter 23B.13 RCW, in the case of dissenting  
22 shareholders, or under chapter 25.10, 25.15, or 25.-- (sections 101  
23 through 1307 of this act) RCW, in the case of dissenting partners.

24 **Sec. 1314.** RCW 25.10.800 and 1991 c 269 s 11 are each amended to  
25 read as follows:

26 (1) One or more domestic limited partnerships may merge with one or  
27 more domestic limited partnerships ~~((or)),~~ domestic corporations,  
28 domestic partnerships, or domestic limited liability companies pursuant  
29 to a plan of merger approved or adopted as provided in RCW 25.10.810.

30 (2) The plan of merger must set forth:

31 (a) The name of each limited partnership ~~((and)),~~ corporation,  
32 partnership, or limited liability company planning to merge and the  
33 name of the surviving limited partnership ~~((or)),~~ corporation,  
34 partnership, or limited liability company into which the other limited  
35 partnership ~~((or)),~~ corporation, partnership, or limited liability  
36 company plans to merge;

37 (b) The terms and conditions of the merger; and

1 (c) The manner and basis of converting the partnership interests of  
2 each limited partnership and each partnership, and the member interests  
3 of each limited liability company, and the shares of each corporation  
4 party to the merger into the partnership interests, shares, member  
5 interests, obligations, or other securities of the surviving or any  
6 other limited partnership (~~(or)~~), partnership, corporation, or limited  
7 liability company or into cash or other property in whole or part.

8 (3) The plan of merger may set forth:

9 (a) Amendments to the certificate of limited partnership of the  
10 surviving limited partnership;

11 (b) Amendments to the articles of incorporation of the surviving  
12 corporation; (~~and~~)

13 (c) Amendments to the certificate of formation of the surviving  
14 limited liability company; and

15 (d) Other provisions relating to the merger.

16 (4) If the plan of merger does not specify a delayed effective  
17 date, it shall become effective upon the filing of articles of merger.  
18 If the plan of merger specifies a delayed effective time and date, the  
19 plan of merger becomes effective at the time and date specified. If  
20 the plan of merger specifies a delayed effective date but no time is  
21 specified, the plan of merger is effective at the close of business on  
22 that date. A delayed effective date for a plan of merger may not be  
23 later than the ninetieth day after the date it is filed.

24 **Sec. 1315.** RCW 25.10.810 and 1991 c 269 s 13 are each amended to  
25 read as follows:

26 (1) Unless otherwise provided in its partnership agreement,  
27 approval of a plan of merger by a domestic limited partnership party to  
28 a merger shall occur when the plan is approved (a) by all general  
29 partners of such limited partnership, and (b) by the limited partners  
30 or, if there is more than one class of limited partners, then by each  
31 class or group of limited partners of such limited partnership, in  
32 either case, by limited partners who own more than fifty percent of the  
33 then current percentage or other interest in the profits of such  
34 limited partnership owned by all limited partners or by the limited  
35 partners in each class or group, as appropriate.

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



1       (3) If a domestic partnership is a party to the merger, the plan of  
2 merger shall be approved as provided in section 906 of this act.

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

6       **Sec. 1316.** RCW 25.10.820 and 1991 c 269 s 14 are each amended to  
7 read as follows:

8       After a plan of merger is approved or adopted, the surviving  
9 limited partnership ~~((or))~~, corporation, partnership, or limited  
10 liability company shall deliver to the secretary of state for filing  
11 articles of merger setting forth:

12       (1) The plan of merger;

13       (2) If the approval of any partners ~~((or))~~, shareholders, or  
14 members of one or more limited partnerships ~~((or))~~, corporations,  
15 partnerships, or limited liability companies party to the merger was  
16 not required, a statement to that effect; or

17       (3) If the approval of any partners ~~((or))~~, shareholders, or  
18 members of one or more of the limited partnerships ~~((or))~~,   
19 corporations, partnerships, or limited liability companies party to the  
20 merger was required, a statement that the merger was duly approved by  
21 such partners ~~((and))~~, shareholders, and members pursuant to RCW  
22 25.10.810 ~~((or))~~, chapter 23B.11 RCW, chapter 25.15 RCW, or section 906  
23 of this act.

24       **Sec. 1317.** RCW 25.10.830 and 1991 c 269 s 15 are each amended to  
25 read as follows:

26       (1) When a merger takes effect:

27       (a) Every other partnership, limited partnership ((or)),  
28 corporation, or limited liability company that is party to the merger  
29 merges into the surviving partnership, limited partnership ((or)),  
30 corporation, or limited liability company and the separate existence of  
31 every partnership, limited partnership ((and)), corporation, and  
32 limited liability company except the surviving partnership, limited  
33 partnership ((or)), corporation, or limited liability company ceases;

34       (b) The title to all real estate and other property owned by each  
35 partnership, limited partnership ((and)), corporation, and limited  
36 liability company party to the merger is vested in the surviving

1 partnership, limited partnership ((or)), corporation, or limited  
2 liability company without reversion or impairment;

3 (c) The surviving partnership, limited partnership ((or)),  
4 corporation, or limited liability company has all liabilities of each  
5 partnership, limited partnership ((and)), corporation, and limited  
6 liability company that is party to the merger;

7 (d) A proceeding pending against any partnership, limited  
8 partnership ((or)), corporation, or limited liability company that is  
9 party to the merger may be continued as if the merger did not occur or  
10 the surviving partnership, limited partnership ((or)), corporation, or  
11 limited liability company may be substituted in the proceeding for the  
12 partnership, limited partnership ((or)), corporation, or limited  
13 liability company whose existence ceased;

14 (e) The partnership agreement of the surviving limited partnership  
15 is amended to the extent provided in the plan of merger;

16 (f) The articles of incorporation of the surviving corporation are  
17 amended to the extent provided in the plan of merger; ((and))

18 (g) The certificate of formation of the surviving limited liability  
19 company is amended to the extent provided in the plan of merger; and

20 (h) The former holders of the partnership interests of every  
21 domestic partnership or limited partnership that is party to the merger  
22 and the former holders of the shares of every domestic corporation that  
23 is party to the merger and the former holders of member interests of  
24 every domestic limited liability company are entitled only to the  
25 rights provided in the articles of merger or to their rights under RCW  
26 25.10.900 through 25.10.955 ((or)), to the rights under chapter 23B.13  
27 RCW, to the rights under chapter 25.-- RCW (sections 101 through 1307  
28 of this act), or to the rights under RCW 25.15.425 through 25.15.480.

29 (2) Unless otherwise agreed, a merger of a domestic limited  
30 partnership, including a domestic limited partnership which is not the  
31 surviving entity in the merger, shall not require the domestic limited  
32 partnership to wind up its affairs under RCW 25.10.460 or pay its  
33 liabilities and distribute its assets under RCW 25.10.470.

34 (3) Unless otherwise agreed, a merger of a domestic partnership,  
35 including a domestic partnership which is not the surviving entity in  
36 the merger, shall not require the domestic partnership to wind up its  
37 affairs under article 8 of chapter 25.-- RCW (sections 101 through 1307  
38 of this act).

1       (4) Unless otherwise agreed, a merger of a domestic limited  
2 liability company, including a domestic limited liability company which  
3 is not the surviving entity in the merger, shall not require the  
4 domestic limited liability company to wind up its affairs under article  
5 8 of chapter 25.15 RCW.

6       **Sec. 1318.** RCW 25.10.840 and 1991 c 269 s 16 are each amended to  
7 read as follows:

8       (1) One or more foreign limited partnerships, foreign partnerships,  
9 foreign limited liability companies, and one or more foreign  
10 corporations may merge with one or more domestic partnerships, domestic  
11 limited partnerships, domestic limited liability companies, or domestic  
12 corporations if:

13       (a) The merger is permitted by the law of the jurisdiction under  
14 which each foreign limited partnership was organized, and each foreign  
15 corporation was incorporated, and each foreign partnership, foreign  
16 limited partnership, foreign limited liability company, and foreign  
17 corporation complies with that law in effecting the merger;

18       (b) The surviving entity complies with RCW 25.10.820 and section  
19 907 of this act;

20       (c) Each domestic limited partnership complies with RCW 25.10.810;  
21 ~~((and))~~

22       (d) Each domestic corporation complies with RCW 23B.11.080; and

23       (e) Each domestic limited liability company complies with RCW  
24 25.15.400.

25       (2) Upon the merger taking effect, a surviving foreign partnership,  
26 foreign limited partnership, foreign limited liability company, or  
27 foreign corporation is deemed to appoint the secretary of state as its  
28 agent for service of process in a proceeding to enforce any obligation  
29 or the rights of dissenting partners or shareholders of each domestic  
30 partnership, domestic limited partnership, domestic limited liability  
31 company, or domestic corporation party to the merger.

32       **Sec. 1319.** RCW 25.15.395 and 1994 c 211 s 1101 are each amended to  
33 read as follows:

34       (1) One or more domestic limited liability companies may merge with  
35 one or more domestic partnerships, domestic limited partnerships,  
36 domestic limited liability companies, or domestic corporations pursuant  
37 to a plan of merger approved or adopted as provided in RCW 25.15.400.

1 (2) The plan of merger must set forth:

2 (a) The name of each partnership, limited liability company,  
3 limited partnership, and corporation planning to merge and the name of  
4 the surviving partnership, limited liability company, limited  
5 partnership, or corporation into which the other partnership, limited  
6 liability company, limited partnership, or corporation plans to merge;

7 (b) The terms and conditions of the merger; and

8 (c) The manner and basis of converting the interests of each member  
9 of each limited liability company, the partnership interests in each  
10 partnership or limited partnership, and the shares of each corporation  
11 party to the merger into the interests, shares, obligations, or other  
12 securities of the surviving or any other partnership, limited liability  
13 company, limited partnership, or corporation or into cash or other  
14 property in whole or part.

15 (3) The plan of merger may set forth:

16 (a) Amendments to the certificate of formation of the surviving  
17 limited liability company;

18 (b) Amendments to the certificate of limited partnership of the  
19 surviving limited partnership;

20 (c) Amendments to the articles of incorporation of the surviving  
21 corporation; and

22 (d) Other provisions relating to the merger.

23 (4) If the plan of merger does not specify a delayed effective  
24 date, it shall become effective upon the filing of articles of merger.  
25 If the plan of merger specifies a delayed effective time and date, the  
26 plan of merger becomes effective at the time and date specified. If  
27 the plan of merger specifies a delayed effective date but no time is  
28 specified, the plan of merger is effective at the close of business on  
29 that date. A delayed effective date for a plan of merger may not be  
30 later than the ninetieth day after the date it is filed.

31 **Sec. 1320.** RCW 25.15.400 and 1994 c 211 s 1102 are each amended to  
32 read as follows:

33 (1) Unless otherwise provided in the limited liability company  
34 agreement, approval of a plan of merger by a domestic limited liability  
35 company party to the merger shall occur when the plan is approved by  
36 the members, or if there is more than one class or group of members,  
37 then by each class or group of members, in either case, by members  
38 contributing more than fifty percent of the agreed value (as stated in

1 the records of the limited liability company required to be kept  
2 pursuant to RCW 25.15.135) of the contributions made, or obligated to  
3 be made, by all members or by the members in each class or group, as  
4 appropriate.

5 (2) If a domestic limited partnership is a party to the merger, the  
6 plan of merger shall be adopted and approved as provided in RCW  
7 25.10.810.

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

10 (4) If a domestic partnership is a party to the merger, the plan of  
11 merger must be approved as provided in section 906 of this act.

12 **Sec. 1321.** RCW 25.15.405 and 1994 c 211 s 1103 are each amended to  
13 read as follows:

14 After a plan of merger is approved or adopted, the surviving  
15 partnership, limited liability company, limited partnership, or  
16 corporation shall deliver to the secretary of state for filing articles  
17 of merger setting forth:

18 (1) The plan of merger;

19 (2) If the approval of any members, partners, or shareholders of  
20 one or more partnerships, limited liability companies, limited  
21 partnerships, or corporations party to the merger was not required, a  
22 statement to that effect; or

23 (3) If the approval of any members, partners, or shareholders of  
24 one or more of the partnerships, limited liability companies, limited  
25 partnerships, or corporations party to the merger was required, a  
26 statement that the merger was duly approved by such members, partners,  
27 and shareholders pursuant to section 906 of this act, RCW 25.15.400,  
28 25.10.810, or chapter 23B.11 RCW.

29 **Sec. 1322.** RCW 25.15.410 and 1994 c 211 s 1104 are each amended to  
30 read as follows:

31 (1) When a merger takes effect:

32 (a) Every other partnership, limited liability company, limited  
33 partnership, or corporation that is party to the merger merges into the  
34 surviving partnership, limited liability company, limited partnership,  
35 or corporation and the separate existence of every partnership, limited  
36 liability company, limited partnership, or corporation except the

1 surviving partnership, limited liability company, limited partnership,  
2 or corporation ceases;

3 (b) The title to all real estate and other property owned by each  
4 partnership, limited liability company, limited partnership, and  
5 corporation party to the merger is vested in the surviving partnership,  
6 limited liability company, limited partnership, or corporation without  
7 reversion or impairment;

8 (c) The surviving partnership, limited liability company, limited  
9 partnership, or corporation has all liabilities of each partnership,  
10 limited liability company, limited partnership, and corporation that is  
11 party to the merger;

12 (d) A proceeding pending against any partnership, limited liability  
13 company, limited partnership, or corporation that is party to the  
14 merger may be continued as if the merger did not occur or the surviving  
15 partnership, limited liability company, limited partnership, or  
16 corporation may be substituted in the proceeding for the partnership,  
17 limited liability company, limited partnership, or corporation whose  
18 existence ceased;

19 (e) The certificate of formation of the surviving limited liability  
20 company is amended to the extent provided in the plan of merger;

21 (f) The partnership agreement of the surviving limited partnership  
22 is amended to the extent provided in the plan of merger;

23 (g) The articles of incorporation of the surviving corporation are  
24 amended to the extent provided in the plan of merger; and

25 (h) The former members of every limited liability company party to  
26 the merger, holders of the partnership interests of every domestic  
27 partnership or domestic limited partnership that is party to the  
28 merger, and the former holders of the shares of every domestic  
29 corporation that is party to the merger are entitled only to the rights  
30 provided in the plan of merger, (~~(or)~~) to their rights under chapter  
31 25.-- RCW (sections 101 through 1307 of this act), to their rights  
32 under this article, to their rights under RCW 25.10.900 through  
33 25.10.955, or to their rights under chapter 23B.13 RCW.

34 (2) Unless otherwise agreed, a merger of a domestic limited  
35 liability company, including a domestic limited liability company which  
36 is not the surviving entity in the merger, shall not require the  
37 domestic limited liability company to wind up its affairs under RCW  
38 25.15.295 or pay its liabilities and distribute its assets under RCW  
39 25.15.300.

1 (3) Unless otherwise agreed, a merger of a domestic limited  
2 partnership, including a domestic limited partnership which is not the  
3 surviving entity in the merger, shall not require the domestic limited  
4 partnership to wind up its affairs under RCW 25.10.460 or pay its  
5 liabilities and distribute its assets under RCW 25.10.470.

6 (4) Unless otherwise agreed, a merger of a domestic partnership,  
7 including a domestic partnership which is not the surviving entity in  
8 the merger, shall not require the domestic partnership to wind up its  
9 affairs under article 8 of chapter 25.-- RCW (sections 101 through 1307  
10 of this act).

11 (5) Unless otherwise agreed, a merger of a domestic limited  
12 liability company, including a domestic limited liability company which  
13 is not the surviving entity in the merger, shall not require the  
14 domestic limited liability company to wind up its affairs under article  
15 8 of chapter 25.15 RCW.

16 **Sec. 1323.** RCW 25.15.415 and 1994 c 211 s 1105 are each amended to  
17 read as follows:

18 (1) One or more foreign partnerships, one or more foreign limited  
19 liability companies, one or more foreign limited partnerships, and one  
20 or more foreign corporations may merge with one or more domestic  
21 partnerships, domestic limited liability companies, domestic limited  
22 partnerships, or domestic corporations if:

23 (a) The merger is permitted by the law of the jurisdiction under  
24 which each foreign limited liability company was formed, each foreign  
25 partnership or foreign limited partnership was organized, and each  
26 foreign corporation was incorporated, and each foreign limited  
27 liability company, foreign partnership, foreign limited partnership,  
28 and foreign corporation complies with that law in effecting the merger;

29 (b) The surviving entity complies with RCW 25.15.405 and section  
30 907 of this act;

31 (c) Each domestic limited liability company complies with RCW  
32 25.15.400;

33 (d) Each domestic limited partnership complies with RCW 25.10.810;  
34 and

35 (e) Each domestic corporation complies with RCW 23B.11.080.

36 (2) Upon the merger taking effect, a surviving foreign limited  
37 liability company, limited partnership, or corporation is deemed to  
38 appoint the secretary of state as its agent for service of process in

1 a proceeding to enforce any obligation or the rights of dissenting  
2 partners or shareholders of each domestic limited liability company,  
3 domestic limited partnership, or domestic corporation party to the  
4 merger.

5 NEW SECTION. **Sec. 1324.** Sections 101 through 1307 of this act  
6 constitute a new chapter in Title 25 RCW.

7 NEW SECTION. **Sec. 1325.** Section 1308 of this act takes effect  
8 January 1, 1999.

Passed the House February 10, 1998.

Passed the Senate March 5, 1998.

Approved by the Governor March 23, 1998.

Filed in Office of Secretary of State March 23, 1998.