

HOUSE BILL NO. 339
INTRODUCED BY D. KOTTEL

A BILL FOR AN ACT ENTITLED: "AN ACT REPLACING THE CURRENT MONTANA UNIFORM LIMITED PARTNERSHIP ACT WITH THE MOST RECENT VERSION OF THE UNIFORM LIMITED PARTNERSHIP ACT; AMENDING SECTIONS 35-12-502, 35-12-504, 35-12-505, 35-12-506, 35-12-508, 35-12-509, 35-12-510, 35-12-601, 35-12-602, 35-12-603, 35-12-604, 35-12-605, 35-12-607, 35-12-701, 35-12-703, 35-12-704, 35-12-705, 35-12-801, 35-12-803, 35-12-901, 35-12-902, 35-12-1001, 35-12-1005, 35-12-1006, 35-12-1103, 35-12-1105, 35-12-1201, 35-12-1202, 35-12-1301, 35-12-1302, 35-12-1307, 35-12-1308, 35-12-1401, 35-12-1402, 35-12-1403, AND 35-12-1404, MCA; AND REPEALING SECTIONS 35-12-503, 35-12-606, 35-12-608, 35-12-609, 35-12-610, 35-12-611, 35-12-612, 35-12-613, 35-12-615, 35-12-620, 35-12-702, 35-12-802, 35-12-804, 35-12-805, 35-12-903, 35-12-904, 35-12-1002, 35-12-1003, 35-12-1004, 35-12-1007, 35-12-1008, 35-12-1101, 35-12-1102, 35-12-1104, 35-12-1203, 35-12-1204, 35-12-1303, 35-12-1304, 35-12-1305, AND 35-12-1306, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 35-12-502, MCA, is amended to read:

"35-12-502. Construction and application. ~~This~~ In applying and construing this chapter, consideration must be ~~so construed and applied to effect its general purpose to make uniform~~ given to the need to promote uniformity of the law with respect to limited partnerships ~~its subject matter~~ among states enacting that enact it."

Section 2. Section 35-12-504, MCA, is amended to read:

"35-12-504. Definitions. In this chapter, the following definitions apply:

(1) "Certificate of limited partnership" means the certificate ~~referred to in~~ required by 35-12-601, ~~as that~~ The term includes the certificate is as amended or restated ~~from time to time.~~

(2) "Contribution", ~~except in the phrase "right of contribution",~~ means any ~~cash, property, or services rendered or a promissory note or other binding obligation to contribute cash or property or to perform services, which a partner contributes~~ benefit provided by a person to a limited partnership in order to become a partner in his the person's capacity as a partner.

(3) ~~"Event of withdrawal of a general partner" means an event that causes a person to cease to be a~~

~~general partner as provided in 35-12-802.~~

(3) "Debtor in bankruptcy" means a person that is the subject of:

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

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

(4) "Designated office" means:

(a) with respect to a limited partnership, the office that the limited partnership is required to designate and maintain under Title 35, chapter 7, part 1; and

(b) with respect to a foreign limited partnership, its principal office.

(5) "Distribution" means a transfer of money or other property from a limited partnership to a partner in the partner's capacity as a partner or to a transferee on account of a transferable interest owned by the transferee.

(6) "Foreign limited liability limited partnership" means a foreign limited partnership whose general partners have limited liability for the obligations of the foreign limited partnership under a provision similar to 35-12-803(3).

~~(4)~~(7) "Foreign limited partnership" means a partnership formed under the laws of any state a jurisdiction other than this state and having as partners required by those laws to have one or more general partners and one or more limited partners. The term includes a foreign limited liability limited partnership.

~~(5)~~(8) "General partner" means:

(a) with respect to a limited partnership, a person who has been admitted to a limited partnership as that:

(i) becomes a general partner in accordance with the partnership agreement and who is named in the certificate of limited partnership as a general partner under 35-12-801; or

(ii) was a general partner in a limited partnership when the limited partnership became subject to this chapter under [section 98(1) or (2)]; and

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

(9) "Limited liability limited partnership", except in the phrase "foreign limited liability limited partnership", means a limited partnership whose certificate of limited partnership states that the limited partnership is a limited liability limited partnership.

~~(6)~~(10) "Limited partner" means:

(a) with respect to a limited partnership, a person who has been admitted to a limited partnership as a

limited partner in accordance with the partnership agreement that:

(i) becomes a limited partner under 35-12-701; or

(ii) was a limited partner in a limited partnership when the limited partnership became subject to this chapter under [section 98(1) or (2)]; and

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

(7)(11) "Limited partnership", except in the phrases "foreign limited partnership" and "foreign limited liability limited partnership", and "domestic limited partnership" mean a partnership formed by two or more persons under the laws of this state and means an entity having one or more general partners and one or more limited partners that is formed under this chapter by two or more persons or becomes subject to this chapter under [sections 84 through 96] or [section 98(1) or (2)]. The term includes a limited liability limited partnership.

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

(9)(13) "Partnership agreement" means the partners' agreement, written or, to the extent not prohibited by law, whether oral, implied, in a record, or both in any combination, of the partners as to the affairs of a concerning the limited partnership and the conduct of its business. The term includes the agreement as amended.

(10) "Partnership interest" has the meaning specified in 35-12-1101.

(14)(14) "Person" means a natural person an individual, corporation, business trust, estate, trust, partnership, limited partnership (domestic or foreign), trust, estate liability company, association, joint venture, government, governmental subdivision, agency or instrumentality, or public corporation, or any other legal or commercial entity.

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

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

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

(18) "Required information" means the information that a limited partnership is required to maintain under 35-12-508.

(19) "Sign" means:

(a) to execute or adopt a tangible symbol with the present intent to authenticate a record; or

(b) to attach or logically associate an electronic symbol, sound, or process to or with a record with the

present intent to authenticate the record.

~~(12)~~(20) "State" means a state, ~~territory, or possession~~ of the United States, the District of Columbia, ~~or the Commonwealth of Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.~~

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

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

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

NEW SECTION. Section 3. Knowledge and notice. (1) A person knows a fact if the person has actual knowledge of it.

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

- (a) knows of it;
- (b) has received a notification of it;
- (c) has reason to know it exists from all of the facts known to the person at the time in question; or
- (d) has notice of it under subsection (3) or (4).

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

(4) A person has notice of:

(a) another person's dissociation as a general partner 90 days after the effective date of an amendment to the certificate of limited partnership that states that the other person has dissociated or 90 days after the effective date of a statement of dissociation pertaining to the other person, whichever occurs first;

(b) a limited partnership's dissolution 90 days after the effective date of an amendment to the certificate of limited partnership stating that the limited partnership is dissolved;

(c) a limited partnership's termination 90 days after the effective date of a statement of termination;

(d) a limited partnership's conversion under [sections 84 through 96] 90 days after the effective date of the articles of conversion; or

(e) a merger under [sections 84 through 96] 90 days after the effective date of the articles of merger.

(5) A person notifies or gives a notification to another person by taking steps reasonably required to

inform the other person in ordinary course, whether or not the other person learns of it.

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

(a) comes to the person's attention; or

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

(7) Except as otherwise provided in subsection (8), a person other than an individual knows, has notice, or receives a notification of a fact for purposes of a particular transaction when the individual conducting the transaction for the person knows, has notice, or receives a notification of the fact or in any event when the fact would have been brought to the individual's attention if the person had exercised reasonable diligence. A person other than an individual exercises reasonable diligence if it maintains reasonable routines for communicating significant information to the individual conducting the transaction for the person and there is reasonable compliance with the routines. Reasonable diligence does not require an individual acting for the person to communicate information unless the communication is part of the individual's regular duties or the individual has reason to know of the transaction and that the transaction would be materially affected by the information.

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

Section 4. Section 35-12-505, MCA, is amended to read:

"35-12-505. Name. (1) The name of a limited partnership may contain the name of any partner.

~~(1)(2)~~ The name of each limited partnership ~~as set forth in its certificate of~~ that is not a limited liability partnership:

~~_____ (a) must contain the words phrase "limited partnership"; or the abbreviation "l.p."; or the designation "lp";~~

~~_____ (b) and may not contain the name of a limited partner unless:~~

~~_____ (i) it is also the name of a general partner; or~~

~~_____ (ii) the business of the limited partnership had been carried on under that name before the admission of that limited partner;~~

~~_____ (c) may not contain business name identifiers, as defined in 30-13-201, or other language that states or implies that the limited partnership is other than a limited partnership; and phrase "limited liability limited~~

partnership" or the abbreviation "llp" or "l.l.l.p."

(3) The name of a limited liability limited partnership must contain the phrase "limited liability limited partnership" or the abbreviation "llp" or "l.l.l.p." and may not contain the abbreviation "l.p." or "lp".

~~(d)(4)~~ Unless authorized by subsection (5), the name of a limited partnership must be distinguishable on in the record records of the secretary of state from:

(a) the name of any corporation, limited partnership, or limited liability company organized under the laws of this state or licensed or registered as a foreign corporation or limited partnership each person other than an individual incorporated, organized, or authorized to transact business in this state; and

(b) each name reserved under Title 30, chapter 13, part 2, or 35-12-506.

~~(2) The use of a limited partnership's name by another corporation, limited partnership, or limited liability company is governed by 35-1-308.~~

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

(a) the present user, registrant, or owner of the conflicting name consents in a signed record to the use and submits an undertaking in a form satisfactory to the secretary of state to change the conflicting name to a name that complies with subsection (4) and is distinguishable in the records of the secretary of state from the name applied for;

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

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

(i) has merged into the applicant;

(ii) has been converted into the applicant; or

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

(6) Subject to [section 75], this section applies to any foreign limited partnership transacting business in this state, having a certificate of authority to transact business in this state, or applying for a certificate of authority."

Section 5. Section 35-12-506, MCA, is amended to read:

"35-12-506. Reservation of name. (1) The exclusive right to the use of a name that complies with

35-12-505 may be reserved by:

- (a) any person intending to organize a limited partnership under this chapter and to adopt ~~that the~~ the name;
- (b) ~~any domestic a~~ limited partnership or ~~any a~~ foreign limited partnership ~~registered~~ authorized to transact business in this state ~~which, in either case, intends~~ intending to adopt ~~that the~~ the name;
- (c) ~~any a~~ foreign limited partnership intending to ~~register~~ obtain a certificate of authority to transact business in this state and ~~to adopt that the~~ the name; and
- (d) ~~any a~~ person intending to organize a foreign limited partnership and intending to have it ~~registered~~ obtain a certificate of authority to transact business in this state and ~~to adopt that the~~ the name;
- (e) a foreign limited partnership formed under the name; or
- (f) a foreign limited partnership formed under a name that does not comply with 35-12-505(2) or (3), but the name reserved under this subsection (1)(f) may differ from the foreign limited partnership's name only to the extent necessary to comply with 35-12-505(2) and (3).

~~(2) The reservation must be made by filing with the secretary of state an application, executed by the applicant, to reserve a specified name. If the secretary of state finds that the name is available for use by a domestic or foreign limited partnership, he shall reserve the name for the exclusive use of the applicant for a period of 120 days. Once having reserved a name, the applicant may not again reserve the name until more than 60 days after the expiration of the last 120-day period for which that applicant had reserved that name. The right to the exclusive use of a name so reserved may be transferred to any other person by filing in the office of the secretary of state a notice of the transfer, executed by the applicant for whom the name was reserved and specifying the name and address of the transferee.~~

(2) A person may apply to reserve a name under subsection (1) by delivering to the secretary of state for filing an application that states the name to be reserved and the subsection of subsection (1) that applies. If the secretary of state finds that the name is available for use by the applicant, the secretary of state shall file a statement of name reservation and thereby reserve the name for the exclusive use of the applicant for a 120 days.

(3) An applicant that has reserved a name pursuant to subsection (2) may reserve the same name for additional 120-day periods. A person having a current reservation for a name may not apply for another 120-day period for the same name until 90 days have elapsed in the current reservation.

(4) A person that has reserved a name under this section may deliver to the secretary of state for filing a notice of transfer that states the reserved name, the name and street and mailing address of some other person to which the reservation is to be transferred, and the subsection of subsection (1) that applies to the other person.

Subject to [section 20(3)], the transfer is effective when the secretary of state files the notice of transfer."

Section 6. Section 35-12-508, MCA, is amended to read:

"35-12-508. ~~Records to be kept~~ Required information. ~~(1) Each~~ A limited partnership shall ~~keep at the principal~~ maintain at its designated office the following information:

~~(a)(1)~~ a current list of showing the full name and last-known ~~business~~ street and mailing address of each partner, separately identifying the general partners, in alphabetical order, and the limited partners, in alphabetical order;

~~(b)(2)~~ a copy of the initial certificate of limited partnership and all ~~certificates of amendment~~ amendments to and restatements of the certificate, together with executed signed copies of any powers of attorney ~~pursuant to under~~ which any certificate, amendment, or restatement has been ~~executed signed~~;

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

~~(c)(4)~~ copies a copy of the limited partnership's federal, state, and local income tax returns and reports, if any, for the 3 most recent years;

~~(d) copies of any then-effective written partnership agreements and of any financial statements of the limited partnership for the 3 most recent years; and~~

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

(6) a copy of any financial statement of the limited partnership for the 3 most recent years;

(7) a copy of the three most recent annual reports delivered by the limited partnership to the secretary of state pursuant to [section 24];

(8) a copy of any record made by the limited partnership during the past 3 years of any consent given by or vote taken of any partner pursuant to this chapter or the partnership agreement; and

~~(e)(9)~~ unless contained in a written partnership agreement made in a record, a writing setting out record stating:

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

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

~~(iii)(c) any right of a partner to receive or of a general partner to make distributions to a partner that~~

~~include a return of all or any part of the partner's contribution for any person that is both a general partner and a limited partner, a specification of what transferable interest the person owns in each capacity; and~~

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

~~(2) Records kept under this section must be available for inspection and copying at the reasonable request and at the expense of any partner during ordinary business hours."~~

Section 7. Section 35-12-509, MCA, is amended to read:

"35-12-509. Nature, purpose, and duration of business entity. (1) A limited partnership may carry on any business that a partnership without limited is an entity distinct from its partners may carry on. A limited partnership is the same entity regardless of whether its certificate states that the limited partnership is a limited liability limited partnership.

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

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

NEW SECTION. Section 8. Powers. A limited partnership has the powers to do all things necessary or convenient to carry on its activities, including the power to sue, be sued, and defend in its own name and to maintain an action against a partner for harm caused to the limited partnership by a breach of the partnership agreement or violation of a duty to the partnership.

NEW SECTION. Section 9. Governing law. The law of this state governs relations among the partners of a limited partnership and between the partners and the limited partnership and the liability of partners as partners for an obligation of the limited partnership.

NEW SECTION. Section 10. Supplemental principles of law -- rate of interest. (1) Unless displaced by particular provisions of this chapter, the principles of law and equity supplement this chapter.

(2) If an obligation to pay interest arises under this chapter and the rate is not specified, the rate is that specified in 31-1-106.

NEW SECTION. Section 11. Effect of partnership agreement -- nonwaivable provisions. (1) Except as otherwise provided in subsection (2), the partnership agreement governs relations among the partners and

between the partners and the partnership. To the extent the partnership agreement does not otherwise provide, this chapter governs relations among the partners and between the partners and the partnership.

(2) A partnership agreement may not:

(a) vary a limited partnership's power under [section 8] to sue, be sued, and defend in its own name;

(b) vary the law applicable to a limited partnership under [section 9];

(c) vary the requirements of 35-12-604;

(d) vary the information required under 35-12-508 or unreasonably restrict the right to information under 35-12-705 or [section 37], but the partnership agreement may impose reasonable restrictions on the availability and use of information obtained under those sections and may define appropriate remedies, including liquidated damages, for a breach of any reasonable restriction on use;

(e) eliminate the duty of loyalty under [section 38], but the partnership agreement may:

(i) identify specific types or categories of activities that do not violate the duty of loyalty if not manifestly unreasonable; and

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

(f) unreasonably reduce the duty of care under [section 38(3)];

(g) eliminate the obligation of good faith and fair dealing under [sections 30(2) and 38(4)], but the partnership agreement may prescribe the standards by which the performance of the obligation is to be measured if the standards are not manifestly unreasonable;

(h) vary the power of a person to dissociate as a general partner under [section 51(1)] except to require that the notice under [section 50(1)] be in a record;

(i) vary the power of a court to decree dissolution in the circumstances specified in 35-12-1202;

(j) vary the requirement to wind up the partnership's business as specified in [section 61];

(k) unreasonably restrict the right to maintain an action under part 14;

(l) restrict the right of a partner under [section 93(1)] to approve a conversion or merger or the right of a general partner under [section 93(2)] to consent to an amendment to the certificate of limited partnership that deletes a statement that the limited partnership is a limited liability limited partnership; or

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

Section 12. Section 35-12-510, MCA, is amended to read:

"35-12-510. Business transactions of partner with the partnership. ~~Except as otherwise provided~~

~~in the partnership agreement, a~~ A partner may lend money to and transact other business with the limited partnership and, ~~subject to other applicable provisions of law,~~ has the same rights and obligations with respect ~~thereto to the loan or other transaction~~ as a person ~~who that~~ is not a partner."

NEW SECTION. Section 13. Dual capacity. A partner may lend money to and transact other business with the limited partnership and has the same rights and obligations with respect to the loan or other transaction as a person that is not a partner.

NEW SECTION. Section 14. Consent and proxies of partners. Action requiring the consent of partners under this chapter may be taken without a meeting, and a partner may appoint a proxy to consent or otherwise act for the partner by signing an appointment record, either personally or by the partner's attorney-in-fact.

Section 15. Section 35-12-601, MCA, is amended to read:

"35-12-601. ~~Certificate~~ Formation of limited partnership -- certificate of limited partnership. (1)

In order ~~to form~~ for a limited partnership to be formed, a certificate of limited partnership must be ~~executed, must be filed in the office of~~ delivered to the secretary of state; ~~for filing. and The certificate must set forth state:~~

- (a) the name of the limited partnership, which must comply with 35-12-505;
- (b) the information required by 35-7-105(1);
- (c) the name and the ~~complete business~~ street and mailing address of each general partner; ~~and~~
- (d) whether the limited partnership is a limited liability limited partnership; and
- ~~(d)(e) any other matters the general partners, in their sole discretion, determine to include~~ additional information required by [sections 84 through 96].

~~(2) A limited partnership is formed at the time of the filing of the certificate of limited partnership in the office of the secretary of state or at any later time specified in the certificate of limited partnership if, in each case, there has been substantial compliance with the requirements of this section.~~

(2) A certificate of limited partnership may also contain any other matters but may not vary or otherwise affect the provisions specified in [section 11(2)] in a manner inconsistent with that section.

(3) If there has been substantial compliance with subsection (1), subject to [section 20(3)] a limited partnership is formed when the secretary of state files the certificate of limited partnership.

(4) Subject to subsection (2), if any provision of a partnership agreement is inconsistent with the filed

certificate of limited partnership or with a filed statement of dissociation, termination, or change or filed articles of conversion or merger:

- (a) the partnership agreement prevails as to partners and transferees; and
- (b) the filed certificate of limited partnership, statement of dissociation, termination, or change or articles of conversion or merger prevail as to persons, other than partners and transferees, that reasonably rely on the filed record to their detriment."

Section 16. Section 35-12-602, MCA, is amended to read:

"35-12-602. Amendments to or restatement of certificate --restated certificates. (1) A In order to amend its certificate of limited partnership, is amended by filing a certificate of amendment in the office of a limited partnership shall deliver to the secretary of state. The certificate must set forth for filing an amendment or, pursuant to [sections 84 through 96], articles of merger stating:

- (a) the name of the limited partnership;
- (b) the date of filing of the its initial certificate; and
- (c) the amendments changes the amendment makes to the certificate as most recently amended or restated.

(2) An amendment to a certificate of A limited partnership reflecting the occurrence of the event or events must be filed within 30 days after the happening of any of the following events shall promptly deliver to the secretary of state for filing an amendment to a certificate of limited partnership to reflect:

- (a) the admission of a new general partner;
- (b) the withdrawal of dissociation of a person as a general partner; or
- (c) the continuation of the business under 35-12-1201(3) after an event of withdrawal of a general partner appointment of a person to wind up the limited partnership's activities under [section 61(3) or (4)].

(3) A certificate of limited partnership must be amended promptly by any general partner upon becoming aware that any statement in the certificate was false when made or that any arrangements or other facts described have changed, making the certificate inaccurate in any respect:

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

- (a) cause the certificate to be amended; or
- (b) if appropriate, deliver to the secretary of state for filing a statement of change pursuant to 35-7-110 or a statement of correction pursuant to [section 21].

(4) A certificate of limited partnership may be amended at any time for any other proper purpose ~~the general partners may determine~~ as determined by the limited partnership.

~~(5) A person is not liable because an amendment to a certificate of limited partnership has not been filed to reflect the occurrence of any event referred to in subsection (2) if the amendment is filed within the 30-day period specified in subsection (2):~~

~~(6)(5)~~ A restated certificate of limited partnership may be ~~executed and filed~~ delivered to the secretary of state for filing in the same manner as ~~a certificate of an~~ an amendment.

~~(6)~~ Subject to [section 20(3)], an amendment or restated certificate is effective when filed by the secretary of state."

Section 17. Section 35-12-603, MCA, is amended to read:

"35-12-603. Cancellation of certificate Statement of termination. A ~~certificate of dissolved~~ limited partnership ~~must be canceled upon the dissolution and the commencement of winding up of the limited partnership and at any other time there are no remaining limited partners. A certificate of cancellation must be filed in the office of the secretary of state and shall set forth that has completed winding up may deliver to the secretary of state for filing a statement of termination that states:~~

- (1) the name of the limited partnership;
- (2) the date of filing of the ~~its~~ certificate of limited partnership; and
- ~~(3) the reason for filing the certificate of cancellation;~~
- ~~_____ (4) the effective date (which must be a date certain) of cancellation if it is not to be effective upon the filing of the certificate; and~~

~~(5)(3)~~ any other information determined by the general partners filing the certificate may determine statement or by a person appointed pursuant to [section 61(3) or (4)]."

Section 18. Section 35-12-604, MCA, is amended to read:

"35-12-604. Execution of certificates Signing of records. (1) Each ~~certificate required by 35-12-604 through 35-12-609 to be filed in the office of~~ record delivered to the secretary of state for filing pursuant to this chapter must be ~~executed~~ signed in the following manner:

(a) An initial certificate of limited partnership must be signed by all general partners listed in the certificate.

(b) An amendment adding or deleting a statement that the limited partnership is a limited liability limited

partnership must be signed by all general partners listed in the certificate.

~~(b)(c)~~ Each certificate of An amendment designating as general partner a person admitted under 35-12-1201(3)(b) following the dissociation of a limited partnership's last general partner must be signed by at least one general partner and by each other general partner who is designated in the certificate as a new general partner that person.

~~(c) Each certificate of cancellation must be signed by all general partners.~~

(d) An amendment required by [section 61(3)] following the appointment of a person to wind up the dissolved limited partnership's activities must be signed by that person.

(e) Any other amendment must be signed by:

(i) at least one general partner listed in the certificate;

(ii) each other person designated in the amendment as a new general partner; and

(iii) each person that the amendment indicates has dissociated as a general partner unless:

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

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

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

(g) A statement of termination must be signed by all general partners listed in the certificate or, if the certificate of a dissolved limited partnership lists no general partners, by the person appointed pursuant to [section 61(3) or (4)] to wind up the dissolved limited partnership's activities.

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

(i) Articles of merger must be signed as provided in [section 91(1)].

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

(k) A statement by a person pursuant to [section 52(1)(d)] stating that the person has dissociated as a general partner must be signed by that person.

(l) A statement of withdrawal by a person pursuant to 35-12-704 must be signed by that person.

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

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

(2) Any person may sign a certificate by an attorney-in-fact, but any power of attorney to sign a certificate relating to the admission of a general partner must specifically describe the admission any record to be filed pursuant to this chapter.

(3) The execution of a certificate by a general partner constitutes an affirmation under the penalties of perjury that the facts stated in the certificate are true."

Section 19. Section 35-12-605, MCA, is amended to read:

"35-12-605. Execution by Signing and filing pursuant to judicial act order. (1) If the a persons person required by 35-12-604 this chapter to execute any certificate fail or refuse to sign a record or deliver a record to the secretary of state for filing does not do so, any other person who is adversely affected by the failure or refusal that is aggrieved may petition the district court to direct the execution of the certificate order:

(a) the person to sign the record;

(b) the person to deliver the record to the secretary of state for filing; or

(c) the secretary of state to file the record unsigned. If the court finds that it is proper for the certificate to be executed and that the persons so designated have failed or refused to execute the certificate, it shall order the secretary of state to record an appropriate certificate.

(2) If the person aggrieved under subsection (1) is not the limited partnership or foreign limited partnership to which the record pertains, the aggrieved person shall make the limited partnership or foreign limited partnership a party to the action. A person aggrieved under subsection (1) may seek the remedies provided in subsection (1) in the same action in combination or in the alternative.

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

NEW SECTION. Section 20. Delivery to and filing of records by secretary of state -- effective time and date. (1) A record authorized or required to be delivered to the secretary of state for filing under this chapter must be captioned to describe the record's purpose, be in a medium permitted by the secretary of state, and be delivered to the secretary of state. Unless the secretary of state determines that a record does not comply with the filing requirements of this chapter, and if all filing fees have been paid, the secretary of state shall file the record and:

(a) for a statement of dissociation, send:

(i) a copy of the filed statement and a receipt for the fees to the person that the statement indicates has dissociated as a general partner; and

(ii) a copy of the filed statement and receipt to the limited partnership;

(b) for a statement of withdrawal, send:

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

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

(c) for all other records, send a copy of the filed record and a receipt for the fees to the person on whose behalf the record was filed.

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

(3) Except as otherwise provided in 35-7-111 and [section 21], a record delivered to the secretary of state for filing under this chapter may specify an effective time and a delayed effective date. Except as otherwise provided in this chapter, a record filed by the secretary of state is effective:

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

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

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

(i) the specified date; or

(ii) the 90th day after the record is filed; or

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

(i) the specified date; or

(ii) the 90th day after the record is filed.

NEW SECTION. Section 21. Correcting filed record. (1) A limited partnership or foreign limited partnership may deliver to the secretary of state for filing a statement of correction to correct a record previously

delivered by the limited partnership or foreign limited partnership to the secretary of state and filed by the secretary of state if at the time of filing the record contained false or erroneous information or was defectively signed.

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

(a) describe the record to be corrected, including its filing date, or attach a copy of the record as filed;
(b) specify the incorrect information and the reason it is incorrect or the manner in which the signing was defective; and

(c) correct the incorrect information or defective signature.

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

(a) for the purposes of [section 3(3) and (4)]; and

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

Section 22. Section 35-12-607, MCA, is amended to read:

"35-12-607. Liability for false statement in certificate. ~~(1) If any certificate of limited partnership or certificate of amendment, restatement, or cancellation~~ a record delivered to the secretary of state for filing under this chapter and filed by the secretary of state contains a false statement information, any person ~~who that~~ suffers loss by reliance on the ~~statement~~ information may recover damages for the loss from:

~~(1)(a) any a person actually executing the certificate that signed the record, or causing caused another to execute sign it on the person's behalf, who and knew and any general partner who knew or should have known the statement the information to be false at the time the certificate was executed record was signed; and~~

~~(2)(b) any a general partner who after the execution of the certificate knew or should have known that any arrangements or other facts described in the certificate have changed, making the statement inaccurate in any respect, within a that has notice that the information was false when the record was filed or has become false because of changed circumstances if the general partner has notice for a reasonably sufficient time before the statement was information is relied upon to have reasonably enabled that enable the general partner to cancel, restate, or amend the certificate or to file a petition for its cancellation, restatement, or amendment under 35-12-605 effect an amendment under 35-12-602, file a petition pursuant to 35-12-605, or deliver to the secretary of state for filing a statement of change pursuant to 35-7-108 or a statement of correction pursuant to [section 21].~~

(2) Signing a record authorized or required to be filed under this chapter constitutes an affirmation under

the penalties of perjury that the facts stated in the record are true."

NEW SECTION. Section 23. Certificate of existence or authorization. (1) The secretary of state, upon request and payment of the requisite fee, shall furnish a certificate of existence for a limited partnership if the records filed in the office of the secretary of state show that the secretary of state has filed a certificate of limited partnership and has not filed a statement of termination. A certificate of existence must state:

- (a) the limited partnership's name;
- (b) that it was duly formed under the laws of this state and the date of formation;
- (c) whether all fees, taxes, and penalties due to the secretary of state under this chapter or other law have been paid;
- (d) whether the limited partnership's most recent annual report required by [section 24] has been filed by the secretary of state;
- (e) whether the secretary of state has administratively dissolved the limited partnership;
- (f) whether the limited partnership's certificate of limited partnership has been amended to state that the limited partnership is dissolved;
- (g) that a statement of termination has not been filed by the secretary of state; and
- (h) other facts of record in the office of the secretary of state that may be requested by the applicant.

(2) The secretary of state, upon request and payment of the requisite fee, shall furnish a certificate of authorization for a foreign limited partnership if the records filed in the office of the secretary of state show that the secretary of state has filed a certificate of authority, has not revoked the certificate of authority, and has not filed a notice of cancellation. A certificate of authorization must state:

- (a) the foreign limited partnership's name and any alternate name adopted under [section 75(1)] for use in this state;
- (b) that it is authorized to transact business in this state;
- (c) whether all fees, taxes, and penalties due to the secretary of state under this chapter or other law have been paid;
- (d) whether the foreign limited partnership's most recent annual report required by [section 24] has been filed by the secretary of state;
- (e) that the secretary of state has not revoked its certificate of authority and has not filed a notice of cancellation; and
- (f) other facts of record in the office of the secretary of state that may be requested by the applicant.

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

NEW SECTION. **Section 24. Annual report for secretary of state.** (1) A limited partnership or a foreign limited partnership authorized to transact business in this state shall deliver to the secretary of state for filing an annual report that states:

- (a) the name of the limited partnership or foreign limited partnership;
- (b) the street and mailing address of its designated office and the name and street and mailing address of its agent for service of process in this state;
- (c) in the case of a limited partnership, the street and mailing address of its principal office; and
- (d) in the case of a foreign limited partnership, the state or other jurisdiction under whose law the foreign limited partnership is formed and any alternate name adopted under [section 75(1)].

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

(3) The first annual report must be delivered to the secretary of state between January 1 and April 1 of the year following the calendar year in which a limited partnership was formed or a foreign limited partnership was authorized to transact business. An annual report must be delivered to the secretary of state between January 1 and April 1 of each subsequent calendar year.

(4) If an annual report does not contain the information required in subsection (1), the secretary of state shall promptly notify the reporting limited partnership or foreign limited partnership and return the report to it for correction. If the report is corrected to contain the information required in subsection (1) and delivered to the secretary of state within 30 days after the effective date of the notice, it is timely delivered.

(5) If a filed annual report contains an address of a designated office or the name or address of an agent for service of process that differs from the information shown in the records of the secretary of state immediately before the filing, the differing information in the annual report is considered a statement of change under 35-7-108.

Section 25. Section 35-12-701, MCA, is amended to read:

"35-12-701. ~~Admission of~~ Becoming limited partners partner. (1) A person becomes a limited partner:

~~(a)(1) at the time the limited partnership is formed; or~~
~~—— (b) at any later time specified as provided in the partnership agreement; for becoming a limited partner.~~
~~—— (2) After the filing of a limited partnership's original certificate of limited partnership, a person may be admitted as an additional limited partner:~~
~~—— (a) in the case of a person acquiring a partnership interest directly from the limited partnership, upon compliance with the partnership agreement or, if the partnership agreement does not so provide, upon~~
~~(2) as the result of a conversion or merger under [sections 84 through 96]; or~~
~~(3) with the written consent of all the partners; and~~
~~—— (b) in the case of an assignee of a partnership interest of a partner who has the power, as provided in 35-12-1104, to grant the assignee the right to become a limited partner, upon the exercise of that power and compliance with any conditions limiting the grant or exercise of the power."~~

NEW SECTION. **Section 26. No right or power as limited partner to bind limited partnership.** A limited partner does not have the right or the power as a limited partner to act for or bind the limited partnership.

Section 27. Section 35-12-703, MCA, is amended to read:

"35-12-703. ~~Liability to third parties~~ No liability as limited partner for limited partnership obligations. ~~(1) Except as provided in subsection (4), a~~ An obligation of a limited partnership, whether arising in contract, tort, or otherwise, is not the obligation of a limited partner. A limited partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for the obligations an obligation of a limited partnership unless, in addition to the exercise of the rights and powers as solely by reason of being a limited partner, the limited partner participates in the control of the business. However, even if the limited partner participates in the management and control of the business, the limited partner is liable only to persons who transact business with the limited partnership reasonably believing, based on the limited partner's conduct, that the limited partner is a general partner.

~~(2) A limited partner does not participate in the control of the business within the meaning of subsection (1) solely by doing one or more of the following:~~

~~—— (a) being a contractor for or an agent or employee of the limited partnership or of a general partner or being an officer, director, or shareholder of a general partner that is a corporation;~~
~~—— (b) consulting with and advising a general partner with respect to the business of the limited partnership;~~
~~—— (c) acting as surety for the limited partnership or guaranteeing or assuming one or more specific~~

obligations of the limited partnership;

——— (d) taking any action required or permitted by law to bring or pursue a derivative action in the right of the limited partnership;

——— (e) requesting or attending a meeting of partners;

——— (f) proposing, approving, or disapproving, by voting or otherwise, one or more of the following matters:

——— (i) the dissolution and winding up of the limited partnership;

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

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

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

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

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

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

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

——— (ix) matters related to the business of the limited partnership not otherwise enumerated in this subsection

(2)(f) that the partnership states in writing may be subject to the approval or disapproval of limited partners;

——— (g) winding up the limited partnership pursuant to 35-12-1203; or

——— (h) exercise any right or power permitted to limited partners under this chapter and not specifically enumerated in this subsection (2).

——— (3) The enumeration in subsection (2) does not mean that the possession or exercise of any other powers by a limited partner constitutes participation by the limited partner in the business of the limited partnership.

——— (4) A limited partner who knowingly permits the limited partner's name to be used in the name of the limited partnership, except under circumstances permitted by 35-12-505(1)(b)(i) and (1)(b)(ii), is liable to creditors who extend credit to the limited partnership without actual knowledge that the limited partner is not a general partner."

Section 28. Section 35-12-704, MCA, is amended to read:

"35-12-704. Person erroneously believing self to be limited partner status. (1) Except as otherwise

provided in subsection (2), a person ~~who that~~ makes ~~a contribution to an investment in~~ a business enterprise and erroneously ~~and but~~ in good faith believes that the person has become a limited partner in the enterprise ~~is not a general partner in the enterprise and is not bound by its~~ liable for the enterprise's obligations by reason of making the ~~contribution investment~~, receiving distributions from the enterprise, or exercising any rights of ~~or appropriate to~~ a limited partner if, on ascertaining the mistake, the person:

(a) causes an appropriate certificate of limited partnership, ~~or a certificate of amendment, or statement of correction~~ to be ~~executed signed and filed~~ delivered to the secretary of state for filing; or

(b) withdraws from future ~~equity~~ participation ~~as an owner~~ in the enterprise by executing and ~~filing in the office of~~ delivering to the secretary of state ~~a certificate declaring for filing a statement of~~ withdrawal under this section.

(2) ~~Any A~~ person ~~who that~~ makes ~~a contribution of the kind~~ an investment described in subsection (1) is liable to the same extent as a general partner to any third party ~~who transacts business that enters into a transaction with the enterprise, believing in good faith that the person is a general partner,~~ before the person ~~withdraws and an appropriate~~ secretary of state files a statement of withdrawal, certificate of limited partnership, amendment, or statement of conversion ~~if any, is filed~~ to show that the person is not a general partner; ~~;~~

~~(3) but in each case only if the third party actually believed~~ If a person makes a diligent effort in good faith that the person was a general partner at the time of the transaction to comply with subsection (1)(a) and is unable to cause the appropriate certificate of limited partnership, amendment, or statement of correction to be signed and delivered to the secretary of state for filing, the person has the right to withdraw from the enterprise pursuant to subsection (1)(b) even if the withdrawal would otherwise breach an agreement with others that are or have agreed to become co-owners of the enterprise."

Section 29. Section 35-12-705, MCA, is amended to read:

"35-12-705. Right of limited partner and former limited partner to information. (1) ~~Each~~ On 10 days' demand, made in a record received by the limited partnership, a limited partner ~~has the right to:~~

—— (1) may inspect and copy ~~any of the partnership records required by 35-12-508 to be maintained; and~~ required information during regular business hours in the limited partnership's designated office. The limited partner need not have any particular purpose for seeking the information.

(2) During regular business hours and at a reasonable location specified by the limited partnership, a limited partner may obtain from the ~~general partners from time to time upon reasonable demand:~~

—— ~~(a) limited partnership and~~ inspect and copy true and full information regarding the state of the ~~business~~

activities and financial condition of the limited partnership;

———(b) promptly after becoming available, a copy of the limited partnership's federal, state, and local income tax returns for each year; and

———(c) any and other information regarding the ~~affairs~~ activities of the limited partnership as is just and reasonable if:

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

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

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

(3) Within 10 days after receiving a demand pursuant to subsection (2), the limited partnership in a record shall inform the limited partner that made the demand:

(a) what information the limited partnership will provide in response to the demand;

(b) when and where the limited partnership will provide the information; and

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

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

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

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

(c) the person meets the requirements of subsection (2).

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

(6) If a limited partner dies, 35-12-1105 applies.

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

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

(9) Whenever this chapter or a partnership agreement provides for a limited partner to give or withhold consent to a matter, before the consent is given or withheld, the limited partnership shall, without demand, provide

the limited partner with all information material to the limited partner's decision that the limited partnership knows.

(10) A limited partner or person dissociated as a limited partner may exercise the rights under this section through an attorney or other agent. Any restriction imposed under subsection (7) or by the partnership agreement applies both to the attorney or other agent and to the limited partner or person dissociated as a limited partner.

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

NEW SECTION. Section 30. Limited duties of limited partners. (1) A limited partner does not have any fiduciary duty to the limited partnership or to any other partner solely by reason of being a limited partner.

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

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

Section 31. Section 35-12-801, MCA, is amended to read:

"35-12-801. Admission Becoming partner. ~~After the filing of a limited partnership's original certificate of limited partnership, new general partners may be admitted~~ A person becomes a general partner:

(1) as provided in writing in the partnership agreement; or, if the partnership agreement does not provide in writing for the admission of additional general partners;

(2) under 35-12-1201(3)(b) following the dissociation of a limited partnership's last general partner;

(3) as the result of a conversion or merger under [sections 84 through 96]; or

(4) with the ~~written~~ consent of all the partners."

NEW SECTION. Section 32. General partner as agent of limited partnership. (1) Each general partner is an agent of the limited partnership for the purposes of its activities. An act of a general partner, including the signing of a record in the partnership's name, for apparently carrying on in the ordinary course the limited partnership's activities or activities of the kind carried on by the limited partnership binds the limited partnership unless the general partner did not have authority to act for the limited partnership in the particular matter and the person with which the general partner was dealing knew, had received a notification, or had notice

under [section 3(4)] that the general partner lacked authority.

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

NEW SECTION. Section 33. Limited partnership liable for general partner's actionable conduct.

(1) A limited partnership is liable for loss or injury caused to a person or for a penalty incurred as a result of a wrongful act or omission or other actionable conduct of a general partner acting in the ordinary course of activities of the limited partnership or with authority of the limited partnership.

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

Section 34. Section 35-12-803, MCA, is amended to read:

"35-12-803. General powers and liabilities partner's liabilities. (1) Except as otherwise provided in ~~this chapter and in the partnership agreement~~ subsections (2) and (3), a ~~all general partner partners are liable jointly and severally for all obligations of a the limited partnership has all the rights and powers and is subject to all the restrictions of a partner in a partnership without limited partners unless otherwise agreed by the claimant or provided by law.~~

(2) ~~Except as otherwise provided in this chapter, a general partner of a limited partnership has the liabilities of a partner in a partnership without limited partners to persons other than the partnership and the other partners. Except as provided in this chapter or in the partnership agreement, A person that becomes a general partner of a an existing limited partnership has the liabilities of a partner in a partnership without limited partners to the partnership and to the other partners is not personally liable for an obligation of a limited partnership incurred before the person became a general partner.~~

(3) An obligation of a limited partnership incurred while the limited partnership is a limited liability limited partnership, whether arising in contract, tort, or otherwise, is solely the obligation of the limited partnership. A general partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for an obligation solely by reason of being or acting as a general partner. This subsection applies despite anything inconsistent in the partnership agreement that existed immediately before the consent required to become a limited liability

limited partnership under [section 36(2)(b)]."

NEW SECTION. Section 35. Actions by and against partnership and partners. (1) To the extent not inconsistent with 35-12-803, a general partner may be joined in an action against the limited partnership or named in a separate action.

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

(3) A judgment creditor of a general partner may not levy execution against the assets of the general partner to satisfy a judgment based on a claim against the limited partnership unless the partner is personally liable for the claim under 35-12-803 and:

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

(b) the limited partnership is a debtor in bankruptcy;

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

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

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

NEW SECTION. Section 36. Management rights of general partner. (1) Each general partner has equal rights in the management and conduct of the limited partnership's activities. Except as expressly provided in this chapter, any matter relating to the activities of the limited partnership may be exclusively decided by the general partner or, if there is more than one general partner, by a majority of the general partners.

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

(a) amend the partnership agreement;

(b) amend the certificate of limited partnership to add or, subject to [section 93], delete a statement that the limited partnership is a limited liability limited partnership; and

(c) sell, lease, exchange, or otherwise dispose of all, or substantially all, of the limited partnership's

property, with or without the good will, other than in the usual and regular course of the limited partnership's activities.

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

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

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

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

NEW SECTION. Section 37. Right of general partner and former general partner to information.

(1) A general partner, without having any particular purpose for seeking the information, may inspect and copy during regular business hours:

(a) in the limited partnership's designated office, required information; and

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

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

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

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

(3) Subject to subsection (5), on 10 days' demand made in a record received by the limited partnership, a person dissociated as a general partner may have access to the information and records described in subsection (1) at the location specified in subsection (1) if:

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

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

(c) the person satisfies the requirements imposed on a limited partner by 35-12-705(2).

(4) The limited partnership shall respond to a demand made pursuant to subsection (3) in the same

manner as provided in 35-12-705(3).

(5) If a general partner dies, 35-12-1105 applies.

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

(7) A limited partnership may charge a person dissociated as a general partner that makes a demand under this section reasonable costs of copying, limited to the costs of labor and material.

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

(9) The rights under this section do not extend to a person as transferee, but the rights under subsection (3) of a person dissociated as a general may be exercised by the legal representative of an individual who dissociated as a general partner under [section 50(7)(b) or (7)(c)].

NEW SECTION. Section 38. General standards of general partner's conduct. (1) The only fiduciary duties that a general partner has to the limited partnership and the other partners are the duties of loyalty and care under subsections (2) and (3).

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

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

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

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

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

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

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

Section 39. Section 35-12-901, MCA, is amended to read:

"35-12-901. Form of contributions. ~~The~~ A contribution of a partner may ~~be in cash, consist of tangible or intangible property, or services rendered or a promissory note or other obligation benefit to the limited partnership, including money, services performed, promissory notes, other agreements to contribute cash or property, or to perform services and contracts for services to be performed.~~ consist of tangible or intangible property, or services rendered or a promissory note or other obligation benefit to the limited partnership, including money, services performed, promissory notes, other agreements to contribute cash or property, or to perform services and contracts for services to be performed."

Section 40. Section 35-12-902, MCA, is amended to read:

"35-12-902. Liability for contributions. (1) ~~A promise by a limited partner to contribute to the limited partnership is not enforceable unless set out in a writing signed by the limited partner.~~

~~— (2) Except as otherwise provided in the partnership agreement, a partner is liable to the limited partnership for any enforceable promise to contribute cash or property or to perform services regardless of whether the partner is personally unable to perform because of~~ A partner's obligation to contribute money or other property or other benefit to or to perform services for a limited partnership is not excused by the partner's disability, death, or any other reason inability to perform personally.

~~(2) If a partner does not make the required~~ a promised nonmonetary contribution of property or services, the partner is obligated at the option of the limited partnership to contribute ~~cash~~ money equal to that portion of the value, as stated in the ~~partnership records required to be kept pursuant to 35-12-508~~ required information, of the stated contribution that has not been made.

~~(3) Unless otherwise provided in the partnership agreement, the~~ The obligation of a partner to make a contribution or return money or other property paid or distributed in violation of this chapter may be compromised only by consent of all of the partners. ~~Notwithstanding a compromise so authorized, a~~ A creditor of a limited partnership ~~who that~~ that extends credit or otherwise acts in reliance on ~~that an~~ an obligation described in subsection (1), after the partner signs a writing that, in either case, reflects the obligation and before the amendment or cancellation to reflect the without notice of any compromise under this subsection, may enforce the ~~precompromise original~~ original obligation."

NEW SECTION. Section 41. Sharing of distributions. A contribution of a partner may consist of tangible or intangible property or other benefit to the limited partnership, including money, services performed, promissory notes, other agreements to contribute cash or property, and contracts for services to be performed.

Section 42. Section 35-12-1001, MCA, is amended to read:

"35-12-1001. Interim distributions. ~~Except as otherwise provided in 35-12-1001 through 35-12-1008,~~ a partner is entitled to receive distributions from a limited partnership before the partner's withdrawal from the limited partnership and does not have a right to any distribution before the dissolution and winding up to the extent and at the times or on the happening of the events specified in the partnership agreement of the limited partnership unless the limited partnership decides to make an interim distribution."

NEW SECTION. Section 43. No distribution on account of dissociation. A person does not have a right to receive a distribution on account of dissociation.

Section 44. Section 35-12-1005, MCA, is amended to read:

"35-12-1005. Distributions in kind. ~~Except as provided in writing in the partnership agreement, a~~ A partner, ~~regardless of the nature of the partner's contribution, has no~~ does not have a right to demand and or receive any distribution from a limited partnership in any form other than cash. ~~Except as provided in writing in the partnership agreement, a partner may not be compelled to accept a distribution of any~~ Subject to [section 70(2)], a limited partnership may distribute an asset in kind ~~from a limited partnership to the extent that the percentage of the asset distributed to the~~ each partner ~~exceeds~~ receives a percentage of ~~that the~~ the asset that is equal to the ~~percentage in which the partner shares in~~ partner's share of distributions ~~from the limited partnership.~~"

Section 45. Section 35-12-1006, MCA, is amended to read:

"35-12-1006. Right to distributions. ~~At the time~~ When a partner or transferee becomes entitled to receive a distribution, ~~he~~ the partner or transferee has the status of and is entitled to all of the remedies available to a creditor of the limited partnership with respect to the distribution. However, the limited partnership's obligation to make a distribution is subject to offset for any amount owed to the limited partnership by the partner or dissociated partner on whose account the distribution is made."

NEW SECTION. Section 46. Limitations on distribution. (1) A limited partnership may not make a distribution in violation of the partnership agreement.

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

(a) the limited partnership would not be able to pay its debts as they become due in the ordinary course of the limited partnership's activities; or

(b) the limited partnership's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if the limited partnership were to be dissolved, wound up, and terminated at the time of the distribution, to satisfy the preferential rights upon dissolution, winding up, and termination of partners whose preferential rights are superior to those of persons receiving the distribution.

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

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

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

(b) in all other cases, as of the date:

(i) the distribution is authorized if the payment occurs within 120 days after that date; or

(ii) the payment is made if payment occurs more than 120 days after the distribution is authorized.

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

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

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

NEW SECTION. Section 47. Liability for improper distributions. (1) A general partner that consents

to a distribution made in violation of [section 46] is personally liable to the limited partnership for the amount of the distribution that exceeds the amount that could have been distributed without the violation if it is established that in consenting to the distribution the general partner failed to comply with [section 38].

(2) A partner or transferee that received a distribution knowing that the distribution to that partner or transferee was made in violation of [section 46] is personally liable to the limited partnership but only to the extent that the distribution received by the partner or transferee exceeded the amount that could have been properly paid under [section 46].

(3) A general partner against which an action is commenced under subsection (1) may:

(a) implead in the action any other person that is liable under subsection (1) and compel contribution from the person; and

(b) implead in the action any person that received a distribution in violation of subsection (2) and compel contribution from the person in the amount the person received in violation of subsection (2).

(4) An action under this section is barred if it is not commenced within 2 years after the distribution.

NEW SECTION. Section 48. Dissociation as limited partner. (1) A person does not have a right to dissociate as a limited partner before the termination of the limited partnership.

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

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

(b) an event agreed to in the partnership agreement as causing the person's dissociation as a limited partner;

(c) the person's expulsion as a limited partner pursuant to the partnership agreement;

(d) the person's expulsion as a limited partner by the unanimous consent of the other partners if:

(i) it is unlawful to carry on the limited partnership's activities with the person as a limited partner;

(ii) there has been a transfer of all of the person's transferable interest in the limited partnership, other than a transfer for security purposes, or a court order charging the person's interest, which has not been foreclosed;

(iii) the person is a corporation and, within 90 days after the limited partnership notifies the person that it will be expelled as a limited partner because it has filed a certificate of dissolution or the equivalent, its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation,

there is no revocation of the certificate of dissolution or no reinstatement of its charter or its right to conduct business; or

(iv) the person is a limited liability company or partnership that has been dissolved and whose business is being wound up;

(e) on application by the limited partnership, the person's expulsion as a limited partner by judicial order because:

(i) the person engaged in wrongful conduct that adversely and materially affected the limited partnership's activities;

(ii) the person willfully or persistently committed a material breach of the partnership agreement or of the obligation of good faith and fair dealing under [section 30(2)]; or

(iii) the person engaged in conduct relating to the limited partnership's activities that makes it not reasonably practicable to carry on the activities with the person as a limited partner;

(f) in the case of a person who is an individual, the person's death;

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

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

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

(j) the limited partnership's participation in a conversion or merger under [sections 84 through 96] if the limited partnership:

(i) is not the converted or surviving entity; or

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

NEW SECTION. **Section 49. Effect of dissociation as limited partner.** (1) Upon a person's dissociation as a limited partner:

(a) subject to 35-12-1105, the person does not have further rights as a limited partner;

(b) the person's obligation of good faith and fair dealing as a limited partner under [section 30(2)]

continues only as to matters arising and events occurring before the dissociation; and

(c) subject to 35-12-1105 and [sections 84 through 96], any transferable interest owned by the person in the person's capacity as a limited partner immediately before dissociation is owned by the person as a mere transferee.

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

NEW SECTION. Section 50. Dissociation as general partner. A person is dissociated from a limited partnership as a general partner upon the occurrence of any of the following events:

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

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

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

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

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

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

(c) the person is a corporation and, within 90 days after the limited partnership notifies the person that it will be expelled as a general partner because it has filed a certificate of dissolution or the equivalent, its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, there is no revocation of the certificate of dissolution or no reinstatement of its charter or its right to conduct business; or

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

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

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

(b) the person willfully or persistently committed a material breach of the partnership agreement or of a

duty owed to the partnership or the other partners under [section 38]; or

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

(6) the person's:

(a) becoming a debtor in bankruptcy;

(b) execution of an assignment for the benefit of creditors;

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

(d) failure, within 90 days after the appointment, to have vacated or stayed the appointment of a trustee, receiver, or liquidator of the general partner or of all or substantially all of the person's property obtained without the person's consent or acquiescence or failing within 90 days after the expiration of a stay to have the appointment vacated;

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

(a) the person's death;

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

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

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

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

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

(11) the limited partnership's participation in a conversion or merger under [sections 84 through 96] if the limited partnership:

(a) is not the converted or surviving entity; or

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

NEW SECTION. Section 51. Person's power to dissociate as general partner -- wrongful dissociation. (1) A person has the power to dissociate as a general partner at any time, rightfully or wrongfully, by express will pursuant to [section 50(1)].

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

(a) it is in breach of an express provision of the partnership agreement; or

(b) it occurs before the termination of the limited partnership and:

(i) the person withdraws as a general partner by express will;

(ii) the person is expelled as a general partner by judicial determination under [section 50(5)];

(iii) the person is dissociated as a general partner by becoming a debtor in bankruptcy; or

(iv) in the case of a person that is not an individual, trust other than a business trust, or estate, the person is expelled or otherwise dissociated as a general partner because it willfully dissolved or terminated.

(3) A person that wrongfully dissociates as a general partner is liable to the limited partnership and, subject to [section 79], to the other partners for damages caused by the dissociation. The liability is in addition to any other obligation of the general partner to the limited partnership or to the other partners.

NEW SECTION. Section 52. Effect of dissociation as general partner. (1) Upon a person's dissociation as a general partner:

(a) the person's right to participate as a general partner in the management and conduct of the partnership's activities terminates;

(b) the person's duty of loyalty as a general partner under [section 38(2)(c)] terminates;

(c) the person's duty of loyalty as a general partner under [section 38(2)(a) and (2)(b)] and duty of care under [section 38(3)] continue only with regard to matters arising and events occurring before the person's dissociation as a general partner;

(d) the person may sign and deliver to the secretary of state for filing a statement of dissociation pertaining to the person and, at the request of the limited partnership, shall sign an amendment to the certificate of limited partnership that states that the person has dissociated; and

(e) subject to 35-12-1105 and [sections 84 through 96], any transferable interest owned by the person immediately before dissociation in the person's capacity as a general partner is owned by the person as a mere transferee.

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

NEW SECTION. Section 53. Power to bind and liability to limited partnership before dissolution of partnership of person dissociated as general partner.

(1) After a person is dissociated as a general partner and before the limited partnership is dissolved, converted under [sections 84 through 96], or merged out of existence under [sections 84 through 96], the limited partnership is bound by an act of the person only if:

- (a) the act would have bound the limited partnership under [section 32] before the dissociation; and
- (b) at the time the other party enters into the transaction:
 - (i) less than 2 years has passed since the dissociation; and
 - (ii) the other party does not have notice of the dissociation and reasonably believes that the person is a general partner.

(2) If a limited partnership is bound under subsection (1), the person dissociated as a general partner that caused the limited partnership to be bound is liable:

- (a) to the limited partnership for any damage caused to the limited partnership arising from the obligation incurred under subsection (1); and
- (b) if a general partner or another person dissociated as a general partner is liable for the obligation, to the general partner or other person for any damage caused to the general partner or other person arising from the liability.

NEW SECTION. Section 54. Liability to other persons of person dissociated as general partner.

(1) A person's dissociation as a general partner does not of itself discharge the person's liability as a general partner for an obligation of the limited partnership incurred before dissociation. Except as otherwise provided in subsections (2) and (3), the person is not liable for a limited partnership's obligation incurred after dissociation.

(2) A person whose dissociation as a general partner resulted in a dissolution and winding up of the limited partnership's activities is liable to the same extent as a general partner under 35-12-803 on an obligation incurred by the limited partnership under [section 62].

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

- (a) a general partner would be liable on the transaction; and
- (b) at the time the other party enters into the transaction:
 - (i) less than 2 years has passed since the dissociation; and
 - (ii) the other party does not have notice of the dissociation and reasonably believes that the person is a

general partner.

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

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

NEW SECTION. Section 55. Partner's transferable interest. The only interest of a partner that is transferable is the partner's transferable interest. A transferable interest is personal property.

NEW SECTION. Section 56. Transfer of partner's transferable interest. (1) A transfer, in whole or in part, of a partner's transferable interest:

(a) is permissible;

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

(c) does not, as against the other partners or the limited partnership, entitle the transferee to participate in the management or conduct of the limited partnership's activities, to require access to information concerning the limited partnership's transactions except as otherwise provided in subsection (3), or to inspect or copy the required information or the limited partnership's other records.

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

(a) distributions to which the transferor would otherwise be entitled; and

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

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

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

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

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

time of transfer.

(7) A transferee that becomes a partner with respect to a transferable interest is liable for the transferor's obligations under 35-12-902 and [section 47]. However, the transferee is not obligated for liabilities unknown to the transferee at the time the transferee became a partner.

Section 57. Section 35-12-1103, MCA, is amended to read:

"35-12-1103. Rights of creditors of partner or transferee. (1) On ~~due~~ application to a court of competent jurisdiction by any judgment creditor of a partner or transferee, the court may charge the ~~partnership transferable~~ interest of the ~~partner judgment debtor~~ with payment of the unsatisfied amount of the judgment ~~debt~~, with interest ~~thereon~~. To the extent so charged, the judgment creditor has only the rights of ~~an assignee of the partnership interest~~ a transferee. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor in respect of the partnership and make all other orders, directions, accounts, and inquiries that the judgment debtor might have made or that the circumstances of the case may require to give effect to the charging order.

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

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

(a) by the judgment debtor;

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

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

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

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

Section 58. Section 35-12-1105, MCA, is amended to read:

"35-12-1105. Power of estate of deceased ~~or incompetent~~ partner. If a partner ~~who is a natural person dies, or a court of competent jurisdiction adjudges him to be incompetent to manage his person or his property,~~ the deceased partner's personal representative, ~~guardian, conservator,~~ or other legal representative

may exercise ~~all of the partner's rights of a transferee as provided in [section 56] and, for the purpose of settling his the estate, or administering his property, including any power the partner had to give an assignee the right to become~~ may exercise the rights of a current limited partner under 35-12-705. ~~If a partner that is a corporation, trust, or other entity other than a natural person is dissolved or terminated, those powers may be exercised by the legal representative or successor of the partner."~~

Section 59. Section 35-12-1201, MCA, is amended to read:

"35-12-1201. Nonjudicial dissolution. ~~A~~ Except as otherwise provided in 35-12-1202, a limited partnership is dissolved and its affairs must be wound up on only upon the occurrence of the first any of the following:

(1) ~~at the time or on the happening of the events~~ an event specified in writing in the partnership agreement;

(2) ~~on the unanimous written consent of all general partners and of limited partners owning a majority of the rights to receive distributions as limited partners at the time the consent is to be effective;~~

(3) ~~on the happening of an event of withdrawal of~~ after the dissociation of a person as a general partner;

~~(a) unless at the time there is if the limited partnership has at least one other remaining general partner, and the written provisions of the partnership agreement permits the business of the limited partnership to be carried on by the remaining general partner and the remaining general partner does so, but the limited partnership may not be dissolved or wound up by reason of any event of withdrawal if, the consent to dissolve the limited partnership given within 90 days after the withdrawal, all dissociation by partners agree in writing to continue the business of the limited partnership and to the appointment of one or more new general partners if necessary or desired owning a majority of the rights to receive distributions as partners at the time the consent is to be effective; or~~

~~(b) if the limited partnership does not have a remaining general partner, the passage of 90 days after the dissociation unless before the end of the period:~~

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

~~(ii) at least one person is admitted as a general partner in accordance with the consent;~~

~~(4) on entry of a decree of judicial dissolution in accordance with 35-12-1202 the passage of 90 days after the dissociation of the limited partnership's last limited partner unless before the end of the period the limited~~

partnership admits at least one limited partner; or

(5) the signing and filing of a declaration of dissolution by the secretary of state under [section 67(3)]."

Section 60. Section 35-12-1202, MCA, is amended to read:

"35-12-1202. ~~Dissolution by decree of court~~ Judicial dissolution. On application by ~~or for~~ a partner, the district court may ~~decree a~~ order dissolution of a limited partnership ~~whenever~~ if it is not reasonably practicable to carry on the ~~business~~ activities of the limited partnership in conformity with the partnership agreement."

NEW SECTION. Section 61. Winding up. (1) A limited partnership continues after dissolution only for the purpose of winding up its activities.

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

(a) may amend its certificate of limited partnership to state that the limited partnership is dissolved, preserve the limited partnership business or property as a going concern for a reasonable time, prosecute and defend actions and proceedings, whether civil, criminal, or administrative, transfer the limited partnership's property, settle disputes by mediation or arbitration, file a statement of termination as provided in 35-12-603, and perform other necessary acts; and

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

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

(a) has the powers of a general partner under [section 62]; and

(b) shall promptly amend the certificate of limited partnership to state:

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

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

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

(4) On the application of any partner, the district court may order judicial supervision of the winding up, including the appointment of a person to wind up the dissolved limited partnership's activities if:

(a) a limited partnership does not have a general partner and within a reasonable time following the

dissolution no person has been appointed pursuant to subsection (3); or

(b) the applicant establishes other good cause.

NEW SECTION. Section 62. Power of general partner and person dissociated as general partner to bind partnership after dissolution. (1) A limited partnership is bound by a general partner's act after dissolution that:

(a) is appropriate for winding up the limited partnership's activities; or

(b) would have bound the limited partnership under [section 32] before dissolution if, at the time the other party enters into the transaction, the other party does not have notice of the dissolution.

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

(a) at the time the other party enters into the transaction:

(i) less than 2 years has passed since the dissociation; and

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

(b) the act:

(i) is appropriate for winding up the limited partnership's activities; or

(ii) would have bound the limited partnership under [section 32] before dissolution and at the time the other party enters into the transaction the other party does not have notice of the dissolution.

NEW SECTION. Section 63. Liability after dissolution of general partner and person dissociated as general partner to limited partnership, other general partners, and persons dissociated as general partner. (1) If a general partner having knowledge of the dissolution causes a limited partnership to incur an obligation under [section 62(1)] by an act that is not appropriate for winding up the partnership's activities, the general partner is liable:

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

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

(2) If a person dissociated as a general partner causes a limited partnership to incur an obligation under

[section 62(2)], the person is liable:

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

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

NEW SECTION. Section 64. Known claims against dissolved limited partnership. (1) A dissolved limited partnership may dispose of the known claims against it by following the procedure described in subsection (2).

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

- (a) specify the information required to be included in a claim;
- (b) provide a mailing address to which the claim is to be sent;
- (c) state the deadline for receipt of the claim, which may not be less than 120 days after the date the notice is received by the claimant;
- (d) state that the claim will be barred if not received by the deadline; and
- (e) unless the limited partnership has been throughout its existence a limited liability limited partnership, state that the barring of a claim against the limited partnership will also bar any corresponding claim against any general partner or person dissociated as a general partner that is based on 35-12-803.

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

- (a) the claim is not received by the specified deadline; or
- (b) in the case of a claim that is timely received but rejected by the dissolved limited partnership, the claimant does not commence an action to enforce the claim against the limited partnership within 90 days after the receipt of the notice of the rejection.

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

NEW SECTION. Section 65. Other claims against dissolved limited partnership. (1) A dissolved limited partnership may publish notice of its dissolution and request persons having claims against the limited

partnership to present them in accordance with the notice.

(2) The notice must:

(a) be published at least once in a newspaper of general circulation in the county in which the dissolved limited partnership's principal office is located or, if it has none in this state, in the county in which the limited partnership's designated office is or was last located;

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

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

(d) unless the limited partnership has been throughout its existence a limited liability limited partnership, state that the barring of a claim against the limited partnership will also bar any corresponding claim against any general partner or person dissociated as a general partner that is based on 35-12-803.

(3) If a dissolved limited partnership publishes a notice in accordance with subsection (2), the claim of each of the following claimants is barred unless the claimant commences an action to enforce the claim against the dissolved limited partnership within 5 years after the publication date of the notice:

(a) a claimant that did not receive notice in a record under [section 64];

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

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

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

(a) against the dissolved limited partnership to the extent of its undistributed assets;

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

(c) against any person liable on the claim under 35-12-803.

NEW SECTION. Section 66. Liability of general partner and person dissociated as general partner when claim against limited partnership barred. If a claim against a dissolved limited partnership is barred under [section 64 or 65], any corresponding claim under 35-12-803 is also barred.

NEW SECTION. Section 67. Administrative dissolution. (1) The secretary of state may dissolve a limited partnership administratively if the limited partnership does not, within 60 days after the due date:

- (a) pay any fee, tax, or penalty due to the secretary of state under this chapter or other law; or
- (b) deliver its annual report to the secretary of state.

(2) If the secretary of state determines that a ground exists for administratively dissolving a limited partnership, the secretary of state shall file a record of the determination and serve the limited partnership with a copy of the filed record.

(3) If within 60 days after service of the copy the limited partnership does not correct each ground for dissolution or demonstrate to the reasonable satisfaction of the secretary of state that each ground determined by the secretary of state does not exist, the secretary of state shall administratively dissolve the limited partnership by preparing, signing, and filing a declaration of dissolution that states the grounds for dissolution. The secretary of state shall serve the limited partnership with a copy of the filed declaration.

(4) A limited partnership administratively dissolved continues its existence but may carry on only activities necessary to wind up its activities and liquidate its assets under [sections 61 and 70] and to notify claimants under [sections 64 and 65].

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

NEW SECTION. Section 68. Reinstatement following administrative dissolution. (1) A limited partnership that has been administratively dissolved may apply to the secretary of state for reinstatement within 2 years after the effective date of dissolution. The application must be delivered to the secretary of state for filing and state:

- (a) the name of the limited partnership and the effective date of its administrative dissolution;
- (b) that the grounds for dissolution either did not exist or have been eliminated; and
- (c) that the limited partnership's name satisfies the requirements of 35-12-505.

(2) If the secretary of state determines that an application contains the information required by subsection (1) and that the information is correct, the secretary of state shall prepare a declaration of reinstatement that states this determination, sign and file the original of the declaration of reinstatement, and serve the limited partnership with a copy.

(3) When reinstatement becomes effective, it relates back to and takes effect as of the effective date of the administrative dissolution and the limited partnership may resume its activities as if the administrative

dissolution had never occurred.

NEW SECTION. Section 69. Appeal from denial of reinstatement. (1) If the secretary of state denies a limited partnership's application for reinstatement following administrative dissolution, the secretary of state shall prepare, sign, and file a notice that explains the reason or reasons for denial and serve the limited partnership with a copy of the notice.

(2) Within 30 days after service of the notice of denial, the limited partnership may appeal from the denial of reinstatement by petitioning the district court to set aside the dissolution. The petition must be served on the secretary of state and contain a copy of the secretary of state's declaration of dissolution, the limited partnership's application for reinstatement, and the secretary of state's notice of denial.

(3) The court may summarily order the secretary of state to reinstate the dissolved limited partnership or may take other action the court considers appropriate.

NEW SECTION. Section 70. Disposition of assets -- when contributions required. (1) In winding up a limited partnership's activities, the assets of the limited partnership, including the contributions required by this section, must be applied to satisfy the limited partnership's obligations to creditors, including, to the extent permitted by law, partners that are creditors.

(2) Any surplus remaining after the limited partnership complies with subsection (1) must be paid in cash as a distribution.

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

(a) Each person that was a general partner when the obligation was incurred and that has not been released from the obligation under [section 54] shall contribute to the limited partnership for the purpose of enabling the limited partnership to satisfy the obligation. The contribution due from each of those persons is in proportion to the right to receive distributions in the capacity of general partner in effect for each of those persons when the obligation was incurred.

(b) If a person does not contribute the full amount required under subsection (3)(a) with respect to an unsatisfied obligation of the limited partnership, the other persons required to contribute by subsection (3)(a) on account of the obligation shall contribute the additional amount necessary to discharge the obligation. The additional contribution due from each of those other persons is in proportion to the right to receive distributions

in the capacity of general partner in effect for each of those other persons when the obligation was incurred.

(c) If a person does not make the additional contribution required by subsection (3)(c), further additional contributions are determined and due in the same manner as provided in that subsection.

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

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

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

Section 71. Section 35-12-1301, MCA, is amended to read:

"35-12-1301. ~~Law governing~~ Governing law. (1) ~~Subject to the constitution and public policy of this state, the~~ The laws of the state or other jurisdiction under which a foreign limited partnership is organized govern ~~its organization and internal affairs and the liability of its limited partners, and a relations among the partners of~~ the foreign limited partnership and between the partners and the foreign limited partnership and the liability of partners as partners for an obligation of the foreign limited partnership.

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

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

Section 72. Section 35-12-1302, MCA, is amended to read:

"35-12-1302. ~~Registration~~ Application for certificate of authority. (1) ~~Before transacting business in this state, a~~ A foreign limited partnership shall register with the secretary of state. In order to register, a foreign limited partnership shall submit may apply for a certificate of authority to transact business in this state by delivering an application to the secretary of state for filing. ~~the~~ The application for registration as a foreign limited partnership, signed and sworn to by a general partner and setting forth must state:

(1)(a) ~~the name of the foreign limited partnership or the fictitious name adopted by a foreign limited~~

~~partnership authorized to transact business in this state because its real name is unavailable and, if the name does not comply with 35-12-505, an alternate name adopted pursuant to [section 75(1)];~~

~~(2)(b) the name of the state in which or other jurisdiction under whose law the foreign limited partnership was formed and the date of the foreign limited partnership's formation is organized;~~

~~(3)(c) the name street and mailing address of any agent for service of process on the foreign limited partnership whom the foreign limited partnership desires to appoint. An agent appointed under this section must be an individual resident of this state, a domestic corporation, or a foreign corporation authorized to do business in this state and with a place of business in this state. partnership's principal office and, if the laws of the jurisdiction under which the foreign limited partnership is organized require the foreign limited partnership to maintain an office in that jurisdiction, the street and mailing address of the required office;~~

~~(4) a statement that the secretary of state is appointed the agent of the foreign limited partnership for service of process if an agent has not been appointed pursuant to subsection (3) or, if an agent was appointed, the agent's authority has been revoked or the agent cannot be found or served with the exercise of reasonable diligence;~~

~~(5)(d) the name and street and mailing address of the office required to be maintained in the state of the foreign limited partnership's organization by the laws of that state or, if not so required, of the principal office of the foreign limited partnership initial agent for service of process in this state;~~

~~(6)(e) the name and business street and mailing address of each of the foreign limited partnership's general partner partners; and~~

~~(7)(f) the address of the office at which is kept a list of the names and addresses of the limited partners and their capital contributions, together with an undertaking by whether the foreign limited partnership to keep those records until the foreign limited partnership's registration in this state is canceled or withdrawn is a foreign limited liability limited partnership.~~

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

NEW SECTION. Section 73. Activities not constituting transacting business. (1) Activities of a foreign limited partnership that do not constitute transacting business in this state within the meaning of this part 13 include:

- (a) maintaining, defending, and settling an action or proceeding;
- (b) holding meetings of its partners or carrying on any other activity concerning its internal affairs;
- (c) maintaining accounts in financial institutions;
- (d) maintaining offices or agencies for the transfer, exchange, and registration of the foreign limited partnership's own securities or maintaining trustees or depositories with respect to those securities;
- (e) selling through independent contractors;
- (f) soliciting or obtaining orders, whether by mail or electronic means or through employees or agents or otherwise if the orders require acceptance outside this state before they become contracts;
- (g) creating or acquiring indebtedness, mortgages, or security interests in real or personal property;
- (h) securing or collecting debts or enforcing mortgages or other security interests in property securing the debts and holding, protecting, and maintaining property so acquired;
- (i) conducting an isolated transaction that is completed within 30 days and is not one in the course of similar transactions of a like manner; and
- (j) transacting business in interstate commerce.

(2) For purposes of this part, the ownership in this state of income-producing real property or tangible personal property, other than property excluded under subsection (1), constitutes transacting business in this state.

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

NEW SECTION. Section 74. Filing of certificate of authority. Unless the secretary of state determines that an application for a certificate of authority does not comply with the filing requirements of this chapter, the secretary of state, upon payment of all filing fees, shall file the application, prepare, sign, and file a certificate of authority to transact business in this state, and send a copy of the filed certificate, together with a receipt for the fees, to the foreign limited partnership or its representative.

NEW SECTION. Section 75. Noncomplying name of foreign limited partnership. (1) A foreign limited partnership whose name does not comply with 35-12-505 may not obtain a certificate of authority until it adopts, for the purpose of transacting business in this state, an alternate name that complies with 35-12-505. A foreign limited partnership that adopts an alternate name under this subsection and then obtains a certificate of authority with the name need not comply with Title 30, chapter 13, part 2. After obtaining a certificate of authority

with an alternate name, a foreign limited partnership shall transact business in this state under the name unless the foreign limited partnership is authorized under Title 30, chapter 13, part 2, to transact business in this state under another name.

(2) If a foreign limited partnership authorized to transact business in this state changes its name to one that does not comply with 35-12-505, it may not thereafter transact business in this state until it complies with subsection (1) and obtains an amended certificate of authority.

NEW SECTION. **Section 76. Revocation of certificate of authority.** (1) A certificate of authority of a foreign limited partnership to transact business in this state may be revoked by the secretary of state in the manner provided in subsections (2) and (3) if the foreign limited partnership does not:

(a) pay, within 60 days after the due date, any fee, tax, or penalty due to the secretary of state under this chapter or other law;

(b) deliver, within 60 days after the due date, its annual report required under [section 24];

(c) appoint and maintain an agent for service of process as required by 35-7-105; or

(d) deliver for filing a statement of a change under 35-7-108 within 30 days after a change has occurred in the name or address of the agent.

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

(a) the revocation's effective date, which must be at least 60 days after the date the secretary of state sends the copy; and

(b) the foreign limited partnership's failures to comply with subsection (1) that are the reason for the revocation.

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

Section 77. Section 35-12-1307, MCA, is amended to read:

"35-12-1307. ~~Transaction of business without registration~~ Cancellation of certificate of authority

-- effect of failure to have certificate. (1) In order to cancel its certificate of authority to transact business in this state, a foreign limited partnership shall deliver to the secretary of state for filing a notice of cancellation. The certificate is canceled when the notice becomes effective under [section 20].

(1)(2) A foreign limited partnership transacting business in this state ~~without registration~~ may not maintain ~~any~~ an action, suit, or proceeding in ~~any court of this state until~~ unless it has ~~registered~~ a certificate of authority to transact business in this state.

(2)(3) The failure of a foreign limited partnership to ~~register~~ have a certificate of authority to transact business in this state does not impair the validity of any contract or act of the foreign limited partnership ~~and does not or~~ prevent the foreign limited partnership from defending any action, suit, or proceeding in ~~any court of this state.~~

(3)(4) A ~~limited~~ partner of a foreign limited partnership is not liable ~~as a general partner for the obligations~~ of the foreign limited partnership solely by reason of the foreign limited partnership's ~~transacting~~ having transacted business in this state ~~without registration~~ a certificate of authority.

(4)(5) ~~A~~ If a foreign limited partnership, ~~by transacting~~ transacts business in this state without ~~registration~~ a certificate of authority or cancels its certificate of authority, it appoints the secretary of state as its agent for service of process ~~with respect to claims for relief~~ rights of action arising out of the transaction of business in this state."

Section 78. Section 35-12-1308, MCA, is amended to read:

"35-12-1308. Action by attorney general. The attorney general may bring an action to restrain a foreign limited partnership from transacting business in this state in violation of ~~35-12-1301 through 35-12-1307~~ this chapter."

NEW SECTION. **Section 79. Direct action by partner.** (1) Subject to subsection (2), a partner may maintain a direct action against the limited partnership or another partner for legal or equitable relief, with or without an accounting as to the partnership's activities, to enforce the rights and otherwise protect the interests of the partner, including rights and interests under the partnership agreement or this chapter or arising independently of the partnership relationship.

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

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

Section 80. Section 35-12-1401, MCA, is amended to read:

"35-12-1401. Right of Derivative action. A ~~limited~~ partner may ~~bring~~ maintain a derivative action ~~in the~~ to enforce a right of a limited partnership ~~to recover a judgment in its favor if:~~

(1) ~~the partner first makes a demand on the general partners, having authority to do so have refused requesting that they cause the limited partnership to bring the an action or an effort to cause those general partners to bring the action is not likely to succeed to enforce the right and the general partners do not bring the action within a reasonable time; or~~

(2) a demand would be futile."

Section 81. Section 35-12-1402, MCA, is amended to read:

"35-12-1402. Proper plaintiff. ~~In a A~~ derivative action, ~~the plaintiff must be~~ may be maintained only by a person that ~~is~~ a partner at the time of ~~bringing~~ the action is commenced and:

(1) ~~must have been that was a partner at the time of the transaction of which the plaintiff complains when the conduct giving rise to the action occurred; or~~

(2) ~~the plaintiff's whose~~ status as a partner ~~must have~~ devolved upon the person by operation of law or pursuant to the terms of the partnership agreement from a person ~~who that~~ was a partner at the time of the ~~transaction~~ conduct."

Section 82. Section 35-12-1403, MCA, is amended to read:

"35-12-1403. Pleading. In ~~any a~~ derivative action, the complaint ~~shall set forth~~ must state with particularity:

(1) ~~the effort of the plaintiff to secure initiation of the action by a general partner having authority to do so~~ date and content of the plaintiff's demand and the general partners' response to the demand; or

(2) ~~the reasons for not making the effort why the demand should be excused as futile."~~

Section 83. Section 35-12-1404, MCA, is amended to read:

"35-12-1404. Expenses Proceeds and expenses. (1) If Except as otherwise provided in subsection (2):

(a) any proceeds or other benefits of a derivative action, is successful, in whole or in part, or anything is received by the plaintiff as a result of a whether by judgment, compromise, or settlement, of an action or claim, belong to the limited partnership and not to the derivative plaintiff;

(b) if the derivative plaintiff receives any proceeds, the derivative plaintiff shall immediately remit them to the limited partnership.

(2) If a derivative action is successful in whole or in part, the court may award the plaintiff reasonable expenses, including reasonable attorney's attorney fees, and shall direct him to account to from the recovery of the limited partnership for the remainder of the proceeds so received by him."

NEW SECTION. Section 84. Definitions. In [sections 84 through 96]:

- (1) "Constituent limited partnership" means a constituent organization that is a limited partnership.
- (2) "Constituent organization" means an organization that is party to a merger.
- (3) "Converted organization" means the organization into which a converting organization converts pursuant to [sections 85 through 88].
- (4) "Converting limited partnership" means a converting organization that is a limited partnership.
- (5) "Converting organization" means an organization that converts into another organization pursuant to [section 85].
- (6) "General partner" means a general partner of a limited partnership.
- (7) "Governing statute" of an organization means the statute that governs the organization's internal affairs.
- (8) "Organization" means a general partnership, including a limited liability partnership; limited partnership, including a limited liability limited partnership; limited liability company; business trust; corporation; or any other person having a governing statute. The term includes domestic and foreign organizations whether or not organized for profit.
- (9) "Organizational documents" means:
 - (a) for a domestic or foreign general partnership, its partnership agreement;
 - (b) for a limited partnership or foreign limited partnership, its certificate of limited partnership and partnership agreement;
 - (c) for a domestic or foreign limited liability company, its articles of organization and operating agreement or comparable records as provided in its governing statute;
 - (d) for a business trust, its agreement of trust and declaration of trust;

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

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

(10) "Personal liability" means personal liability for a debt, liability, or other obligation of an organization that is imposed on a person that co-owns, has an interest in, or is a member of the organization:

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

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

(11) "Surviving organization" means an organization into which one or more other organizations are merged. A surviving organization may preexist the merger or be created by the merger.

NEW SECTION. Section 85. Conversion. (1) An organization other than a limited partnership may convert to a limited partnership, and a limited partnership may convert to another organization pursuant to this section and [sections 86 through 88] and a plan of conversion if:

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

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

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

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

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

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

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

(d) the organizational documents of the converted organization.

NEW SECTION. Section 86. Action on plan of conversion by converting limited partnership. (1)

Subject to [section 93], a plan of conversion must be consented to by all the partners of a converting limited partnership.

(2) Subject to [section 93] and any contractual rights, after a conversion is approved, and at any time before a filing is made under [section 87], a converting limited partnership may amend the plan or abandon the planned conversion:

- (a) as provided in the plan; and
- (b) except as prohibited by the plan, by the same consent as was required to approve the plan.

NEW SECTION. Section 87. Filings required for conversion -- effective date. (1) After a plan of conversion is approved:

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

- (i) a statement that the limited partnership has been converted into another organization;
- (ii) the name and form of the organization and the jurisdiction of its governing statute;
- (iii) the date the conversion is effective under the governing statute of the converted organization;
- (iv) a statement that the conversion was approved as required by this chapter;
- (v) a statement that the conversion was approved as required by the governing statute of the converted organization; and
- (vi) if the converted organization is a foreign organization not authorized to transact business in this state, the street and mailing address of an office which the secretary of state may use for the purposes of [section 88(3)]; and

(b) if the converting organization is not a converting limited partnership, the converting organization shall deliver to the secretary of state for filing a certificate of limited partnership, which must include, in addition to the information required by 35-12-601:

- (i) a statement that the limited partnership was converted from another organization;
- (ii) the name and form of the organization and the jurisdiction of its governing statute; and
- (iii) a statement that the conversion was approved in a manner that complied with the organization's governing statute.

(2) A conversion becomes effective:

- (a) if the converted organization is a limited partnership, when the certificate of limited partnership takes effect; and

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

NEW SECTION. Section 88. Effect of conversion. (1) An organization that has been converted pursuant to [sections 84 through 96] is for all purposes the same entity that existed before the conversion.

(2) When a conversion takes effect:

- (a) all property owned by the converting organization remains vested in the converted organization;
- (b) all debts, liabilities, and other obligations of the converting organization continue as obligations of the converted organization;
- (c) an action or proceeding pending by or against the converting organization may be continued as if the conversion had not occurred;
- (d) except as prohibited by other law, all of the rights, privileges, immunities, powers, and purposes of the converting organization remain vested in the converted organization;
- (e) except as otherwise provided in the plan of conversion, the terms and conditions of the plan of conversion take effect; and
- (f) except as otherwise agreed, the conversion does not dissolve a converting limited partnership for the purposes of part 12.

(3) A converted organization that is a foreign organization consents to the jurisdiction of the courts of this state to enforce any obligation owed by the converting limited partnership if before the conversion the converting limited partnership was subject to suit in this state on the obligation. A converted organization that is a foreign organization and not authorized to transact business in this state appoints the secretary of state as its agent for service of process for purposes of enforcing an obligation under this subsection. Service on the secretary of state under this subsection is made in the same manner and with the same consequences as in 35-7-113.

NEW SECTION. Section 89. Merger. (1) A limited partnership may merge with one or more other constituent organizations pursuant to [sections 90 through 92], this section, and a plan of merger if:

- (a) the governing statute of each of the other organizations authorizes the merger;
 - (b) the merger is not prohibited by the law of a jurisdiction that enacted any of those governing statutes;
- and
- (c) each of the other organizations complies with its governing statute in effecting the merger.
- (2) A plan of merger must be in a record and must include:

- (a) the name and form of each constituent organization;
- (b) the name and form of the surviving organization and, if the surviving organization is to be created by the merger, a statement to that effect;
- (c) the terms and conditions of the merger, including the manner and basis for converting the interests in each constituent organization into any combination of money, interests in the surviving organization, and other consideration;
- (d) if the surviving organization is to be created by the merger, the surviving organization's organizational documents; and
- (e) if the surviving organization is not to be created by the merger, any amendments to be made by the merger to the surviving organization's organizational documents.

NEW SECTION. Section 90. Action on plan of merger by constituent limited partnership. (1) Subject to [section 93], a plan of merger must be consented to by all the partners of a constituent limited partnership.

(2) Subject to [section 93] and any contractual rights, after a merger is approved, and at any time before a filing is made under [section 91], a constituent limited partnership may amend the plan or abandon the planned merger:

- (a) as provided in the plan; and
- (b) except as prohibited by the plan, with the same consent as was required to approve the plan.

NEW SECTION. Section 91. Filings required for merger -- effective date. (1) After each constituent organization has approved a merger, articles of merger must be signed on behalf of:

- (a) each preexisting constituent limited partnership, by each general partner listed in the certificate of limited partnership; and
 - (b) each other preexisting constituent organization, by an authorized representative.
- (2) The articles of merger must include:
- (a) the name and form of each constituent organization and the jurisdiction of its governing statute;
 - (b) the name and form of the surviving organization, the jurisdiction of its governing statute, and if the surviving organization is created by the merger, a statement to that effect;
 - (c) the date the merger is effective under the governing statute of the surviving organization;
 - (d) if the surviving organization is to be created by the merger:

- (i) if it will be a limited partnership, the limited partnership's certificate of limited partnership; or
 - (ii) if it will be an organization other than a limited partnership, the organizational document that creates the organization;
 - (e) if the surviving organization preexists the merger, any amendments provided for in the plan of merger for the organizational document that created the organization;
 - (f) a statement as to each constituent organization that the merger was approved as required by the organization's governing statute;
 - (g) if the surviving organization is a foreign organization not authorized to transact business in this state, the street and mailing address of an office that the secretary of state may use for the purposes of [section 92(2)]; and
 - (h) any additional information required by the governing statute of any constituent organization.
- (3) Each constituent limited partnership shall deliver the articles of merger for filing in the office of the secretary of state.
- (4) A merger becomes effective under [sections 84 through 96]:
- (a) if the surviving organization is a limited partnership, upon the later of:
 - (i) compliance with subsection (3); or
 - (ii) subject to [section 20(3)], as specified in the articles of merger; or
 - (b) if the surviving organization is not a limited partnership, as provided by the governing statute of the surviving organization.

NEW SECTION. Section 92. Effect of merger. (1) When a merger becomes effective:

- (a) the surviving organization continues or comes into existence;
- (b) each constituent organization that merges into the surviving organization ceases to exist as a separate entity;
- (c) all property owned by each constituent organization that ceases to exist vests in the surviving organization;
- (d) all debts, liabilities, and other obligations of each constituent organization that ceases to exist continue as obligations of the surviving organization;
- (e) an action or proceeding pending by or against any constituent organization that ceases to exist may be continued as if the merger had not occurred;
- (f) except as prohibited by other law, all of the rights, privileges, immunities, powers, and purposes of

each constituent organization that ceases to exist vest in the surviving organization;

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

(h) except as otherwise agreed, if a constituent limited partnership ceases to exist, the merger does not dissolve the limited partnership for the purposes of part 12;

(i) if the surviving organization is created by the merger:

(i) if it is a limited partnership, the certificate of limited partnership becomes effective; or

(ii) if it is an organization other than a limited partnership, the organizational document that creates the organization becomes effective; and

(j) if the surviving organization preexists the merger, any amendments provided for in the articles of merger for the organizational document that created the organization become effective.

(2) A surviving organization that is a foreign organization consents to the jurisdiction of the courts of this state to enforce any obligation owed by a constituent organization if before the merger the constituent organization was subject to suit in this state on the obligation. A surviving organization that is a foreign organization and not authorized to transact business in this state appoints the secretary of state as its agent for service of process for the purposes of enforcing an obligation under this subsection. Service on the secretary of state under this subsection is made in the same manner and with the same consequences as in 35-7-113.

NEW SECTION. Section 93. Restrictions on approval of conversions and mergers and on relinquishing limited liability limited partnership status. (1) If a partner of a converting or constituent limited partnership will have personal liability with respect to a converted or surviving organization, approval and amendment of a plan of conversion or merger are ineffective without the consent of the partner unless:

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

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

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

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

(b) each general partner that does not consent to the amendment has consented to the provision of the

partnership agreement.

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

NEW SECTION. **Section 94. Liability of general partner after conversion or merger.** (1) A conversion or merger under [sections 84 through 96] does not discharge any liability under 35-12-803 and [section 54] of a person that was a general partner in or dissociated as a general partner from a converting or constituent limited partnership, but:

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

(b) for the purposes of applying those provisions, the converted or surviving organization is considered to be the converting or constituent limited partnership; and

(c) if a person is required to pay any amount under this subsection:

(i) the person has a right of contribution from each other person that was liable as a general partner under 35-12-803 when the obligation was incurred and has not been released from the obligation under [section 54]; and

(ii) the contribution due from each of those persons is in proportion to the right to receive distributions in the capacity of general partner in effect for each of those persons when the obligation was incurred.

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

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

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

(ii) reasonably believes that:

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

(B) the converting or constituent limited partnership is not a limited liability limited partnership; and

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

(b) a person that was dissociated as a general partner from a converting or constituent limited partnership before the conversion or merger became effective is personally liable for each obligation of the converted or

surviving organization arising from a transaction with a third party after the conversion or merger becomes effective if:

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

(ii) at the time the third party enters into the transaction less than 2 years have passed since the person dissociated as a general partner and the third party:

(A) does not have notice of the dissociation;

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

(C) reasonably believes that the converted or surviving organization is the converting or constituent limited partnership, the converting or constituent limited partnership is not a limited liability limited partnership, and the person is a general partner in the converting or constituent limited partnership.

NEW SECTION. Section 95. Power of general partners and persons dissociated as general partners to bind organization after conversion or merger. (1) An act of a person that immediately before a conversion or merger became effective was a general partner in a converting or constituent limited partnership binds the converted or surviving organization after the conversion or merger becomes effective if:

(a) before the conversion or merger became effective, the act would have bound the converting or constituent limited partnership under [section 32]; and

(b) at the time the third party enters into the transaction, the third party:

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

(ii) reasonably believes that the converted or surviving business is the converting or constituent limited partnership and that the person is a general partner in the converting or constituent limited partnership.

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

(a) before the conversion or merger became effective, the act would have bound the converting or constituent limited partnership under [section 32] if the person had been a general partner; and

(b) at the time the third party enters into the transaction, less than 2 years have passed since the person dissociated as a general partner and the third party:

(i) does not have notice of the dissociation;

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

(iii) reasonably believes that the converted or surviving organization is the converting or constituent limited partnership and that the person is a general partner in the converting or constituent limited partnership.

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

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

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

NEW SECTION. Section 96. Part not exclusive. [Sections 84 through 96] do not preclude an entity from being converted or merged under other law.

NEW SECTION. Section 97. Relation to electronic signatures in global and national commerce act. This chapter modifies, limits, or supersedes the federal Electronic Signatures in Global and National Commerce Act, 15 U.S.C. 7001, et seq., but this chapter does not modify, limit, or supersede section 101(c) of that act or authorize electronic delivery of any of the notices described in section 103(b) of that act.

NEW SECTION. Section 98. Application to existing relationships. (1) Before [the effective date of this act], [this act] governs only:

(a) a limited partnership formed on or after [the effective date of this act]; and

(b) except as otherwise provided in subsections (3) and (4), a limited partnership formed before [the effective date of this act] that elects, in the manner provided in its partnership agreement or by law for amending the partnership agreement, to be subject to [this act].

(2) Except as otherwise provided in subsection (3), on and after [the effective date of this act], [this act] governs all limited partnerships.

(3) With respect to a limited partnership formed before [the effective date of this act], the following rules apply except as the partners otherwise elect in the manner provided in the partnership agreement or by law for amending the partnership agreement:

(a) Section 35-12-509(3) does not apply and the limited partnership has whatever duration it had under the law applicable immediately before [the effective date of this act].

(b) The limited partnership is not required to amend its certificate of limited partnership to comply with

35-12-601(1)(d).

(c) [Sections 48 and 49] do not apply and a limited partner has the same right and power to dissociate from the limited partnership, with the same consequences, as existed immediately before [the effective date of this act].

(d) [Section 50(4)] does not apply.

(e) [Section 50(5)] does not apply, and a court has the same power to expel a general partner as the court had immediately before [the effective date of this act].

(f) Section 35-12-1201(3) does not apply and the connection between a person's dissociation as a general partner and the dissolution of the limited partnership is the same as existed immediately before [the effective date of this act].

(4) With respect to a limited partnership that elects pursuant to subsection (1)(b) to be subject to [this act], after the election takes effect, the provisions of [this act] relating to the liability of the limited partnership's general partners to third parties apply:

(a) before [the effective date of this act], to:

(i) a third party that had not done business with the limited partnership in the year before the election took effect; and

(ii) a third party that had done business with the limited partnership in the year before the election took effect only if the third party knows or has received a notification of the election; and

(b) on and after [the effective date of this act], to all third parties, but those provisions remain inapplicable to any obligation incurred while those provisions were inapplicable under subsection (4)(a)(ii).

NEW SECTION. **Section 99. Repealer.** Sections 35-12-503, 35-12-606, 35-12-608, 35-12-609, 35-12-610, 35-12-611, 35-12-612, 35-12-613, 35-12-615, 35-12-620, 35-12-702, 35-12-802, 35-12-804, 35-12-805, 35-12-903, 35-12-904, 35-12-1002, 35-12-1003, 35-12-1004, 35-12-1007, 35-12-1008, 35-12-1101, 35-12-1102, 35-12-1104, 35-12-1203, 35-12-1204, 35-12-1303, 35-12-1304, 35-12-1305, and 35-12-1306, MCA, are repealed.

NEW SECTION. **Section 100. Codification instruction.** [Sections 3, 8 through 11, 13, 14, 20, 21, 23, 24, 26, 30, 32, 33, 35 through 38, 41, 43, 46 through 56, 61 through 70, 73 through 76, 79, and 84 through 97] are intended to be codified as an integral part of Title 35, chapter 12, and the provisions of Title 35, chapter 12, apply to [sections 3, 8 through 11, 13, 14, 20, 21, 23, 24, 26, 30, 32, 33, 35 through 38, 41, 43, 46 through 56,

61 through 70, 73 through 76, 79, and 84 through 97].

NEW SECTION. **Section 101. Severability.** If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

NEW SECTION. **Section 102. Saving clause.** [This act] does not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before [the effective date of this act].

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