

MICHIGAN REVISED UNIFORM LIMITED PARTNERSHIP ACT (EXCERPT)
Act 213 of 1982

ARTICLE 3

449.1301 Admission of additional limited partners.

Sec. 301. (a) After the filing of a limited partnership's original certificate of limited partnership, a person may be admitted as an additional limited partner:

(1) In the case of a person acquiring a partnership interest directly from the limited partnership, upon the compliance with the partnership agreement or, if the partnership agreement does not so provide, upon the written consent of all partners.

(2) In the case of an assignee of a partnership interest of a partner who has the power, as provided in section 704, 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.

(b) In each case under subsection (a), the person acquiring the partnership interest becomes a limited partner only upon amendment of the certificate of limited partnership reflecting that fact.

History: 1982, Act 213, Eff. Jan. 1, 1983.

449.1302 Voting rights of limited partners.

Sec. 302. Subject to section 303, the partnership agreement may grant to all or a specified group of the limited partners the right to vote, with or without the concurrence of the general partners, on a per capita or other basis, upon any matter.

History: 1982, Act 213, Eff. Jan. 1, 1983.

449.1303 Liability of limited partner for obligations of limited partnership.

Sec. 303. (a) Except as provided in subsection (d), a limited partner is not liable for the obligations of a limited partnership unless the limited partner is also a general partner or, in addition to the exercise of rights and powers as a limited partner, the limited partner takes part in the control of the business. However, if the limited partner's participation in the control of the business is not substantially the same as the exercise of the powers of a general partner, the limited partner is liable only to persons who transact business with the limited partnership with actual knowledge of the limited partner's participation in control.

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

(1) Being a contractor for or an agent or employee of the limited partnership or of a general partner.

(2) Consulting with and advising a general partner with respect to the business of the limited partnership.

(3) Acting as surety for the limited partnership.

(4) Approving or disapproving an amendment to the partnership agreement.

(5) Approving or disapproving a transaction involving an actual or potential conflict of interest between a general partner and the limited partnership.

(6) Requesting or attending a meeting of partners.

(7) Voting on 1 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 other than in the ordinary course of its business.

(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 removal of a general partner.

(c) The enumeration in subsection (b) 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.

(d) A limited partner who knowingly permits his or her name to be used in the name of the limited partnership, except under circumstances permitted by section 102(2)(i), is liable to creditors who extend credit to the limited partnership without actual knowledge that the limited partner is not a general partner.

History: 1982, Act 213, Eff. Jan. 1, 1983.

449.1304 Liability of person erroneously but in good faith believing he or she is limited partner.

Sec. 304. (a) Except as provided in subsection (b), a person who makes a contribution to a business enterprise and erroneously but in good faith believes that he or she has become a limited partner in the

enterprise is not a general partner in the enterprise and is not bound by its obligations by reason of making the contribution, receiving distributions from the enterprise, or exercising any rights of a limited partner, if, on ascertaining the mistake, the person does either of the following:

(1) Causes an appropriate certificate of limited partnership, certificate of amendment, or restated certificate of limited partnership to be executed and filed.

(2) Withdraws from future equity participation in the enterprise. With respect to any limited partnership for which a certificate of limited partnership has been filed, the withdrawal may be accomplished by executing and filing with the office of the administrator a certificate declaring withdrawal under this section.

(b) A person who makes a contribution of the kind described in subsection (a) is liable as a general partner to any third party who transacts business with the enterprise: (i) before the person withdraws and an appropriate certificate is filed to show withdrawal or (ii) before an appropriate certificate is filed to show the person's status as a limited partner and, in the case of an amendment, after expiration of the 60-day period for filing an amendment relating to the person as a limited partner under section 202, but in either case only if the third party actually believed in good faith that the person was a general partner at the time of the transaction.

History: 1982, Act 213, Eff. Jan. 1, 1983;—Am. 1986, Act 100, Eff. July 1, 1986.

449.1305 Rights of limited partner.

Sec. 305. Each limited partner has the right to:

(1) Inspect and copy or have his or her designated representative inspect and copy any of the partnership records required to be maintained by section 106.

(2) Obtain from the general partners, from time to time, upon reasonable demand (i) true and full information regarding the state of the business and financial condition of the limited partnership, (ii) promptly after becoming available, a copy of the limited partnership's federal, state, and local income tax returns for each year, and (iii) other information regarding the affairs of the limited partnership as is just and reasonable.

History: 1982, Act 213, Eff. Jan. 1, 1983.