

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

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.