

**Sunsets 1/1/2016**

**48-1-37 Rules for distribution.**

In settling accounts between the partners after dissolution the following rules shall be observed, subject to any agreement to the contrary:

- (1) The assets of the partnership are:
  - (a) partnership property; and
  - (b) contributions of the partners specified in Subsection (4).
- (2) The liabilities of the partnership shall rank in order of payment, as follows:
  - (a) those owing to creditors other than partners;
  - (b) those owing to partners other than for capital and profits;
  - (c) those owing to partners in respect of capital; and
  - (d) those owing to partners in respect of profits.
- (3) The assets shall be applied in the order of their declaration in Subsection (1) to the satisfaction of the liabilities.
- (4) Except as provided in Subsection 48-1-12(2), the partners shall contribute as provided by Subsection 48-1-15(1) the amount necessary to satisfy the liabilities; but if any, but not all, of the partners are insolvent, or, not being subject to process, refuse to contribute, the other partners shall contribute their share of the liabilities, and in the relative proportions in which they share the profits the additional amount necessary to pay the liabilities.
- (5) An assignee for the benefit of creditors, or any person appointed by the court, shall have the right to enforce the contributions specified in Subsection (4).
- (6) Any partner or his legal representative shall have the right to enforce the contributions specified in Subsection (4) to the extent of the amount that he has paid in excess of his share of the liability.
- (7) The individual property of a deceased partner shall be liable for the contributions specified in Subsection (4).
- (8) When partnership property and the individual properties of the partners are in the possession of a court for distribution, partnership creditors shall have priority on partnership property and separate creditors on individual property, saving the rights of lien or secured creditors as heretofore.
- (9) When a partner has become bankrupt or his estate is insolvent, the claims against his separate property shall rank in the following order:
  - (a) those owing to separate creditors;
  - (b) those owing to partnership creditors; and
  - (c) those owing to partners by way of contribution.