

Part 6

Transferable Interests and Rights of Transferees and Creditors

48-1d-601 Partner not co-owner of partnership property.

A partner is not a co-owner of partnership property and has no interest in partnership property which can be transferred, either voluntarily or involuntarily.

Enacted by Chapter 412, 2013 General Session

48-1d-602 Nature of transferable interest.

A transferable interest is personal property.

Enacted by Chapter 412, 2013 General Session

48-1d-603 Transfer of transferable interest.

- (1) A transfer, in whole or in part, of a transferable interest:
 - (a) is permissible;
 - (b) does not by itself cause a person's dissociation or a dissolution and winding up of the partnership's activities and affairs; and
 - (c) subject to Section 48-1d-605, does not entitle the transferee to:
 - (i) participate in the management or conduct of the partnership's activities and affairs; or
 - (ii) except as otherwise provided in Subsection (3), have access to records or other information concerning the partnership's activities and affairs.
- (2) A transferee has the right to:
 - (a) receive, in accordance with the transfer, distributions to which the transferor would otherwise be entitled; and
 - (b) seek under Subsection 48-1d-901(5) a judicial determination that it is equitable to wind up the partnership's activities and affairs.
- (3) In a dissolution and winding up of a partnership, a transferee is entitled to an account of the partnership's transactions only from the date of the last account agreed to by the partners.
- (4) A partnership need not give effect to a transferee's rights under this section until the partnership knows or has notice of the transfer.
- (5) A transfer of a transferable interest in violation of a restriction on transfer contained in the partnership agreement is ineffective as to a person having knowledge or notice of the restriction at the time of transfer.
- (6) Except as otherwise provided in Subsection 48-1d-701(4)(b), if a partner transfers a transferable interest, the transferor retains the rights of a partner other than the transferable interest transferred and retains all duties and obligations of a partner.
- (7) If a partner transfers a transferable interest to a person that becomes a partner with respect to the transferred interest, the transferee is liable for the transferor's obligations under Sections 48-1d-502 and 48-1d-505 known to the transferee when the transferee becomes a partner.

Enacted by Chapter 412, 2013 General Session

48-1d-604 Charging order.

- (1) On application by a judgment creditor of a partner or transferee, a court may enter a charging order against the transferable interest of the judgment debtor for the unsatisfied amount of the

judgment. A charging order constitutes a lien on a judgment debtor's transferable interest and, after the partnership has been served with the charging order, requires the partnership to pay over to the person to which the charging order was issued any distribution that otherwise would be paid to the judgment debtor.

- (2) To the extent necessary to effectuate the collection of distributions pursuant to a charging order in effect under Subsection (1), the court may:
 - (a) appoint a receiver of the distributions subject to the charging order, with the power to make all inquiries the judgment debtor might have made; and
 - (b) make all other orders necessary to give effect to the charging order.
- (3) Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the transferable interest. The purchaser at the foreclosure sale obtains only the transferable interest, does not thereby become a partner, and is subject to Section 48-1d-603.
- (4) At any time before foreclosure under Subsection (3), the partner or transferee whose transferable interest is subject to a charging order under Subsection (1) may extinguish the charging order by satisfying the judgment and filing a certified copy of the satisfaction with the court that issued the charging order.
- (5) At any time before foreclosure under Subsection (3), a partnership or one or more partners whose transferable interests are not subject to the charging order may pay to the judgment creditor the full amount due under the judgment and thereby succeed to the rights of the judgment creditor, including the charging order.
- (6) This chapter does not deprive any partner or transferee of the benefit of any exemption law applicable to the transferable interest of the partner or transferee.
- (7) This section provides the exclusive remedy by which a person seeking to enforce a judgment against a partner or transferee, in the capacity of judgment creditor, may satisfy the judgment from the judgment debtor's transferable interest.

Enacted by Chapter 412, 2013 General Session

48-1d-605 Power of legal representative of deceased partner.

If a partner dies, the deceased partner's legal representative may exercise:

- (1) the rights of a transferee provided in Subsection 48-1d-603(3); and
- (2) for purposes of settling the estate, the rights the deceased partner had under Section 48-1d-403.

Enacted by Chapter 412, 2013 General Session