

Sunsets 1/1/2016

48-2a-304 Person erroneously believing himself to be a limited partner.

- (1) Except as provided in Subsection (2), a person who makes a contribution to a business enterprise and erroneously but in good faith believes that he 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, he:
 - (a) causes an appropriate certificate of limited partnership or a certificate of amendment to be executed and filed; or
 - (b) withdraws from future participation in the profits and losses of the enterprise by executing and filing with the division a certificate declaring withdrawal under this section; withdrawal under this subsection is without prejudice to the person's right to receive the return of his unreturned contribution.
- (2) A person who makes a contribution under the circumstance described in Subsection (1) is liable as a general partner to any third party who transacts business with the enterprise before the person withdraws and an appropriate certificate is filed to show withdrawal or before an appropriate certificate is filed to show that he is not a general partner, 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 and acted in reasonable reliance on such belief and extended credit to the partnership in reasonable reliance on the credit of such person.