

Business Entity Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Evan J. Vickers

House Sponsor: David Shallenberger

LONG TITLE**Committee Note:**

The Business and Labor Interim Committee recommended this bill.

Legislative Vote: 15 voting for 0 voting against 5 absent

General Description:

This bill amends provisions relating to business entities.

Highlighted Provisions:

This bill:

- defines terms;
- lists the areas of code the Division of Corporations and Commercial Code (division) administers;
- provides that the division shall offer to sell or license a copy of each document filed with the division under certain conditions;
- enacts Title 16, Chapter 1a, Provisions Applicable to All Business Entities;
- establishes standardized entity filing requirements for all business entities;
- provides that the division may provide forms for an entity filing;
- establishes a standard for the effective date and time of an entity filing;
- provides the circumstances under which a person may withdraw an entity filing before effectiveness;
- establishes the standards for correcting an entity filing;
- provides that the division has a duty to file an entity filing that complies with certain standards;
- establishes signing requirements for an entity filing;
- provides for liability for a person that provides inaccurate information in a filed record;
- provides the manner by which the division may deliver a record to a person;
- provides the requirements for an entity's annual report to the division;
- establishes standards for permissible names for an entity;
- provides the name requirements for specific entities;

- 31 ▶ establishes the process by which a person may reserve an entity name;
- 32 ▶ provides the process by which a foreign filing entity may register a name;
- 33 ▶ provides which business entities are required to maintain a registered agent in this state;
- 34 ▶ provides the process for designating a registered agent;
- 35 ▶ provides the process for the listing of a commercial registered agent;
- 36 ▶ establishes the process for the termination of the listing of a commercial registered agent;
- 37 ▶ provides the process by which a represented entity may change the represented entity's
- 38 registered agent;
- 39 ▶ provides the process by which a noncommercial registered agent may change the
- 40 noncommercial registered agent's name or address;
- 41 ▶ establishes the process by which a commercial registered agent may change the
- 42 commercial registered agent's name, address, type of entity, or jurisdiction of formation;
- 43 ▶ provides the process by which a registered agent may resign as a registered agent;
- 44 ▶ provides how a person may make service of process, notice, or demand on an entity;
- 45 ▶ describes the duties of a registered agent;
- 46 ▶ provides that a foreign entity shall register with the division to do business in this state;
- 47 ▶ provides the requirements for filing and amending a foreign registration statement;
- 48 ▶ provides that certain activities of a foreign entity do not constitute doing business in this
- 49 state;
- 50 ▶ provides the process by which a foreign entity may adopt an alternate name that complies
- 51 with the name requirements of this state;
- 52 ▶ provides the process by which a registered foreign entity may withdraw the registered
- 53 foreign entity's registration with the division;
- 54 ▶ provides for a transfer of a registered foreign entity's registration under certain conditions;
- 55 ▶ provides the conditions and manner under which the division may terminate a registered
- 56 foreign entity's registration;
- 57 ▶ provides the grounds under which the division may administratively dissolve a domestic
- 58 filing entity;
- 59 ▶ provides the procedure and effect of an administrative dissolution of a domestic filing
- 60 entity;
- 61 ▶ provides the conditions under which and process by which a domestic filing entity may be
- 62 reinstated after administrative dissolution;
- 63 ▶ provides the process by which an entity may take part in a merger;

- 64 ▶ provides the requirements for a plan of merger;
- 65 ▶ provides the requirements to approve a plan of merger;
- 66 ▶ establishes the process for amending or abandoning a plan of merger;
- 67 ▶ provides that a merging entity sign a statement of merger;
- 68 ▶ establishes the effect of a merger;
- 69 ▶ provides that an interest holder in an entity that undergoes a merger, conversion, or
- 70 domestication has appraisal rights;
- 71 ▶ provides the process by which an entity may take part in an interest exchange;
- 72 ▶ provides the requirements for a plan of interest exchange;
- 73 ▶ provides the requirements to approve a plan of interest exchange;
- 74 ▶ establishes the process for amending or abandoning a plan of interest exchange;
- 75 ▶ provides that an acquired entity sign a statement of interest exchange;
- 76 ▶ establishes the effect of an interest exchange;
- 77 ▶ provides the process by which an entity may take part in a conversion;
- 78 ▶ provides the requirements for a plan of conversion;
- 79 ▶ provides the requirements to approve a plan of conversion;
- 80 ▶ establishes the process for amending or abandoning a plan of conversion;
- 81 ▶ provides that a converting entity sign a statement of conversion;
- 82 ▶ establishes the effect of a conversion;
- 83 ▶ provides the process by which an entity may take part in a domestication;
- 84 ▶ provides the requirements for a plan of domestication;
- 85 ▶ provides the requirements to approve a plan of domestication;
- 86 ▶ establishes the process for amending or abandoning a plan of domestication;
- 87 ▶ provides that a merging entity sign a statement of domestication;
- 88 ▶ establishes the effect of a domestication;
- 89 ▶ rennumbers Title 48, Chapter 1d, Utah Uniform Partnership Act, to Title 16, Chapter 18,
- 90 Utah Uniform Partnership Act;
- 91 ▶ rennumbers Title 48, Chapter 2e, Utah Uniform Limited Partnership Act, to Title 16,
- 92 Chapter 19, Utah Uniform Limited Partnership Act;
- 93 ▶ rennumbers Title 48, Chapter 3a, Utah Revised Uniform Limited Liability Company Act,
- 94 to Title 16, Chapter 20, Utah Revised Uniform Limited Liability Company Act;
- 95 ▶ changes references in code from "assumed name" to "D.B.A.";
- 96 ▶ provides that the name of a D.B.A. may not contain "limited liability company" or "LLC";

- provides the standards for registering as a D.B.A.;
- provides the process for amending a D.B.A. certificate;
- provides the manner by which a D.B.A. may transfer ownership;
- provides the expiration, renewal, and cancellation of a registration process for a D.B.A.;
- provides penalties for a person that transacts business as a D.B.A. without complying with Title 42, Chapter 2, Conducting Business as a D.B.A.;
- repeals provisions in existing code that the enactment of Title 16, Chapter 1a, Provisions Applicable to All Business Entities, makes redundant; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

13-1a-101, Utah Code Annotated 1953

16-1a-101, Utah Code Annotated 1953

16-1a-102, Utah Code Annotated 1953

16-1a-201, Utah Code Annotated 1953

16-1a-202, Utah Code Annotated 1953

16-1a-203, Utah Code Annotated 1953

16-1a-204, Utah Code Annotated 1953

16-1a-205, Utah Code Annotated 1953

16-1a-206, Utah Code Annotated 1953

16-1a-207, Utah Code Annotated 1953

16-1a-208, Utah Code Annotated 1953

16-1a-209, Utah Code Annotated 1953

16-1a-210, Utah Code Annotated 1953

16-1a-211, Utah Code Annotated 1953

16-1a-212, Utah Code Annotated 1953

16-1a-301, Utah Code Annotated 1953

16-1a-302, Utah Code Annotated 1953

16-1a-303, Utah Code Annotated 1953

16-1a-304, Utah Code Annotated 1953

131 **16-1a-305**, Utah Code Annotated 1953
132 **16-1a-401**, Utah Code Annotated 1953
133 **16-1a-402**, Utah Code Annotated 1953
134 **16-1a-403**, Utah Code Annotated 1953
135 **16-1a-404**, Utah Code Annotated 1953
136 **16-1a-405**, Utah Code Annotated 1953
137 **16-1a-406**, Utah Code Annotated 1953
138 **16-1a-407**, Utah Code Annotated 1953
139 **16-1a-408**, Utah Code Annotated 1953
140 **16-1a-409**, Utah Code Annotated 1953
141 **16-1a-410**, Utah Code Annotated 1953
142 **16-1a-411**, Utah Code Annotated 1953
143 **16-1a-412**, Utah Code Annotated 1953
144 **16-1a-413**, Utah Code Annotated 1953
145 **16-1a-414**, Utah Code Annotated 1953
146 **16-1a-501**, Utah Code Annotated 1953
147 **16-1a-502**, Utah Code Annotated 1953
148 **16-1a-503**, Utah Code Annotated 1953
149 **16-1a-504**, Utah Code Annotated 1953
150 **16-1a-505**, Utah Code Annotated 1953
151 **16-1a-506**, Utah Code Annotated 1953
152 **16-1a-507**, Utah Code Annotated 1953
153 **16-1a-508**, Utah Code Annotated 1953
154 **16-1a-509**, Utah Code Annotated 1953
155 **16-1a-510**, Utah Code Annotated 1953
156 **16-1a-601**, Utah Code Annotated 1953
157 **16-1a-602**, Utah Code Annotated 1953
158 **16-1a-603**, Utah Code Annotated 1953
159 **16-1a-604**, Utah Code Annotated 1953
160 **16-1a-605**, Utah Code Annotated 1953
161 **16-1a-701**, Utah Code Annotated 1953
162 **16-1a-702**, Utah Code Annotated 1953
163 **16-1a-703**, Utah Code Annotated 1953
164 **16-1a-704**, Utah Code Annotated 1953

165 **16-1a-705**, Utah Code Annotated 1953
166 **16-1a-706**, Utah Code Annotated 1953
167 **16-1a-707**, Utah Code Annotated 1953
168 **16-1a-708**, Utah Code Annotated 1953
169 **16-1a-709**, Utah Code Annotated 1953
170 **16-1a-801**, Utah Code Annotated 1953
171 **16-1a-802**, Utah Code Annotated 1953
172 **16-1a-803**, Utah Code Annotated 1953
173 **16-1a-804**, Utah Code Annotated 1953
174 **16-1a-805**, Utah Code Annotated 1953
175 **16-1a-806**, Utah Code Annotated 1953
176 **16-1a-807**, Utah Code Annotated 1953
177 **16-1a-901**, Utah Code Annotated 1953
178 **16-1a-902**, Utah Code Annotated 1953
179 **16-1a-903**, Utah Code Annotated 1953
180 **16-1a-904**, Utah Code Annotated 1953
181 **16-1a-905**, Utah Code Annotated 1953
182 **16-1a-906**, Utah Code Annotated 1953
183 **16-1a-907**, Utah Code Annotated 1953
184 **16-1a-1001**, Utah Code Annotated 1953
185 **16-1a-1002**, Utah Code Annotated 1953
186 **16-1a-1003**, Utah Code Annotated 1953
187 **16-1a-1004**, Utah Code Annotated 1953
188 **16-1a-1005**, Utah Code Annotated 1953
189 **16-1a-1006**, Utah Code Annotated 1953
190 **16-1a-1007**, Utah Code Annotated 1953
191 **16-6a-120**, Utah Code Annotated 1953
192 **16-7-17**, Utah Code Annotated 1953
193 **16-10a-130**, Utah Code Annotated 1953
194 **16-10b-107**, Utah Code Annotated 1953
195 **16-11-17**, Utah Code Annotated 1953
196 **16-12-7**, Utah Code Annotated 1953
197 **16-15-111**, Utah Code Annotated 1953
198 **16-16-121**, Utah Code Annotated 1953

199 **16-18-109**, Utah Code Annotated 1953
200 **16-19-114**, Utah Code Annotated 1953
201 **16-20-112**, Utah Code Annotated 1953
202 **16-21-104**, Utah Code Annotated 1953
203 **16-22-110**, Utah Code Annotated 1953
204 **42-2-101**, Utah Code Annotated 1953
205 **42-2-102**, Utah Code Annotated 1953
206 **42-2-201**, Utah Code Annotated 1953
207 **42-2-202**, Utah Code Annotated 1953
208 **42-2-203**, Utah Code Annotated 1953
209 **42-2-204**, Utah Code Annotated 1953
210 **42-2-205**, Utah Code Annotated 1953

211 RENUMBERS AND AMENDS:

212 **13-1a-102**, (Renumbered from 13-1a-1, as last amended by Laws of Utah 1989, Chapter
213 225)
214 **13-1a-103**, (Renumbered from 13-1a-2, as last amended by Laws of Utah 1989, Chapter
215 225)
216 **13-1a-104**, (Renumbered from 13-1a-3, as last amended by Laws of Utah 2021, Chapter
217 344)
218 **13-1a-105**, (Renumbered from 13-1a-4, as last amended by Laws of Utah 1997, Chapter
219 135)
220 **13-1a-106**, (Renumbered from 13-1a-5, as last amended by Laws of Utah 2014, Chapter
221 189)
222 **13-1a-107**, (Renumbered from 13-1a-6, as last amended by Laws of Utah 2010, Chapter
223 378)
224 **13-1a-108**, (Renumbered from 13-1a-7, as last amended by Laws of Utah 2008, Chapter
225 382)
226 **13-1a-109**, (Renumbered from 13-1a-8, as enacted by Laws of Utah 1990, Chapter 9)
227 **13-1a-110**, (Renumbered from 13-1a-9, as last amended by Laws of Utah 2009, Chapter
228 183)
229 **16-18-101**, (Renumbered from 48-1d-102, as last amended by Laws of Utah 2019,
230 Chapter 349)
231 **16-18-102**, (Renumbered from 48-1d-103, as enacted by Laws of Utah 2013, Chapter
232 412)

233 **16-18-103**, (Renumbered from 48-1d-104, as enacted by Laws of Utah 2013, Chapter
234 412)
235 **16-18-104**, (Renumbered from 48-1d-105, as enacted by Laws of Utah 2013, Chapter
236 412)
237 **16-18-105**, (Renumbered from 48-1d-106, as enacted by Laws of Utah 2013, Chapter
238 412)
239 **16-18-106**, (Renumbered from 48-1d-107, as enacted by Laws of Utah 2013, Chapter
240 412)
241 **16-18-107**, (Renumbered from 48-1d-108, as enacted by Laws of Utah 2013, Chapter
242 412)
243 **16-18-108**, (Renumbered from 48-1d-118, as enacted by Laws of Utah 2013, Chapter
244 412)
245 **16-18-201**, (Renumbered from 48-1d-201, as enacted by Laws of Utah 2013, Chapter
246 412)
247 **16-18-202**, (Renumbered from 48-1d-202, as enacted by Laws of Utah 2013, Chapter
248 412)
249 **16-18-203**, (Renumbered from 48-1d-203, as enacted by Laws of Utah 2013, Chapter
250 412)
251 **16-18-204**, (Renumbered from 48-1d-204, as enacted by Laws of Utah 2013, Chapter
252 412)
253 **16-18-301**, (Renumbered from 48-1d-301, as enacted by Laws of Utah 2013, Chapter
254 412)
255 **16-18-302**, (Renumbered from 48-1d-302, as enacted by Laws of Utah 2013, Chapter
256 412)
257 **16-18-303**, (Renumbered from 48-1d-303, as enacted by Laws of Utah 2013, Chapter
258 412)
259 **16-18-304**, (Renumbered from 48-1d-304, as enacted by Laws of Utah 2013, Chapter
260 412)
261 **16-18-305**, (Renumbered from 48-1d-305, as enacted by Laws of Utah 2013, Chapter
262 412)
263 **16-18-306**, (Renumbered from 48-1d-306, as enacted by Laws of Utah 2013, Chapter
264 412)
265 **16-18-307**, (Renumbered from 48-1d-307, as enacted by Laws of Utah 2013, Chapter
266 412)

267 **16-18-308**, (Renumbered from 48-1d-308, as enacted by Laws of Utah 2013, Chapter
268 412)
269 **16-18-401**, (Renumbered from 48-1d-401, as enacted by Laws of Utah 2013, Chapter
270 412)
271 **16-18-402**, (Renumbered from 48-1d-402, as enacted by Laws of Utah 2013, Chapter
272 412)
273 **16-18-403**, (Renumbered from 48-1d-403, as enacted by Laws of Utah 2013, Chapter
274 412)
275 **16-18-404**, (Renumbered from 48-1d-404, as enacted by Laws of Utah 2013, Chapter
276 412)
277 **16-18-405**, (Renumbered from 48-1d-405, as enacted by Laws of Utah 2013, Chapter
278 412)
279 **16-18-406**, (Renumbered from 48-1d-406, as enacted by Laws of Utah 2013, Chapter
280 412)
281 **16-18-407**, (Renumbered from 48-1d-407, as enacted by Laws of Utah 2013, Chapter
282 412)
283 **16-18-501**, (Renumbered from 48-1d-501, as enacted by Laws of Utah 2013, Chapter
284 412)
285 **16-18-502**, (Renumbered from 48-1d-502, as enacted by Laws of Utah 2013, Chapter
286 412)
287 **16-18-503**, (Renumbered from 48-1d-503, as enacted by Laws of Utah 2013, Chapter
288 412)
289 **16-18-504**, (Renumbered from 48-1d-504, as enacted by Laws of Utah 2013, Chapter
290 412)
291 **16-18-505**, (Renumbered from 48-1d-505, as enacted by Laws of Utah 2013, Chapter
292 412)
293 **16-18-601**, (Renumbered from 48-1d-601, as enacted by Laws of Utah 2013, Chapter
294 412)
295 **16-18-602**, (Renumbered from 48-1d-602, as enacted by Laws of Utah 2013, Chapter
296 412)
297 **16-18-603**, (Renumbered from 48-1d-603, as enacted by Laws of Utah 2013, Chapter
298 412)
299 **16-18-604**, (Renumbered from 48-1d-604, as enacted by Laws of Utah 2013, Chapter
300 412)

301 **16-18-605**, (Renumbered from 48-1d-605, as enacted by Laws of Utah 2013, Chapter
302 412)
303 **16-18-701**, (Renumbered from 48-1d-701, as enacted by Laws of Utah 2013, Chapter
304 412)
305 **16-18-702**, (Renumbered from 48-1d-702, as enacted by Laws of Utah 2013, Chapter
306 412)
307 **16-18-703**, (Renumbered from 48-1d-703, as enacted by Laws of Utah 2013, Chapter
308 412)
309 **16-18-801**, (Renumbered from 48-1d-801, as enacted by Laws of Utah 2013, Chapter
310 412)
311 **16-18-802**, (Renumbered from 48-1d-802, as enacted by Laws of Utah 2013, Chapter
312 412)
313 **16-18-803**, (Renumbered from 48-1d-803, as enacted by Laws of Utah 2013, Chapter
314 412)
315 **16-18-804**, (Renumbered from 48-1d-804, as enacted by Laws of Utah 2013, Chapter
316 412)
317 **16-18-805**, (Renumbered from 48-1d-805, as enacted by Laws of Utah 2013, Chapter
318 412)
319 **16-18-901**, (Renumbered from 48-1d-901, as last amended by Laws of Utah 2023,
320 Chapter 401)
321 **16-18-902**, (Renumbered from 48-1d-902, as last amended by Laws of Utah 2023,
322 Chapter 401)
323 **16-18-903**, (Renumbered from 48-1d-903, as last amended by Laws of Utah 2023,
324 Chapter 401)
325 **16-18-904**, (Renumbered from 48-1d-904, as enacted by Laws of Utah 2013, Chapter
326 412)
327 **16-18-905**, (Renumbered from 48-1d-905, as enacted by Laws of Utah 2013, Chapter
328 412)
329 **16-18-906**, (Renumbered from 48-1d-906, as enacted by Laws of Utah 2013, Chapter
330 412)
331 **16-18-907**, (Renumbered from 48-1d-907, as enacted by Laws of Utah 2013, Chapter
332 412)
333 **16-18-908**, (Renumbered from 48-1d-908, as enacted by Laws of Utah 2013, Chapter
334 412)

335 **16-18-909**, (Renumbered from 48-1d-909, as last amended by Laws of Utah 2023,
336 Chapter 401)
337 **16-18-910**, (Renumbered from 48-1d-910, as enacted by Laws of Utah 2013, Chapter
338 412)
339 **16-18-1001**, (Renumbered from 48-1d-1101, as enacted by Laws of Utah 2013,
340 Chapter 412)
341 **16-18-1002**, (Renumbered from 48-1d-1102, as enacted by Laws of Utah 2013,
342 Chapter 412)
343 **16-18-1003**, (Renumbered from 48-1d-1103, as last amended by Laws of Utah 2024,
344 Chapter 232)
345 **16-18-1004**, (Renumbered from 48-1d-1104, as enacted by Laws of Utah 2013,
346 Chapter 412)
347 **16-18-1101**, (Renumbered from 48-1d-1211, as enacted by Laws of Utah 2013,
348 Chapter 412)
349 **16-18-1102**, (Renumbered from 48-1d-1212, as enacted by Laws of Utah 2013,
350 Chapter 412)
351 **16-18-1201**, (Renumbered from 48-1d-1301, as enacted by Laws of Utah 2013,
352 Chapter 412)
353 **16-18-1202**, (Renumbered from 48-1d-1302, as enacted by Laws of Utah 2013,
354 Chapter 412)
355 **16-18-1203**, (Renumbered from 48-1d-1304, as enacted by Laws of Utah 2013,
356 Chapter 412)
357 **16-18-1204**, (Renumbered from 48-1d-1305, as last amended by Laws of Utah 2014,
358 Chapter 189)
359 **16-18-1205**, (Renumbered from 48-1d-1306, as enacted by Laws of Utah 2013,
360 Chapter 412)
361 **16-18-1206**, (Renumbered from 48-1d-1307, as enacted by Laws of Utah 2013,
362 Chapter 412)
363 **16-18-1207**, (Renumbered from 48-1d-1308, as enacted by Laws of Utah 2013,
364 Chapter 412)
365 **16-18-1208**, (Renumbered from 48-1d-1309, as enacted by Laws of Utah 2013,
366 Chapter 412)
367 **16-18-1209**, (Renumbered from 48-1d-1310, as last amended by Laws of Utah 2023,
368 Chapter 401)

369 **16-18-1301**, (Renumbered from 48-1d-1401, as enacted by Laws of Utah 2013,
370 Chapter 412)
371 **16-18-1302**, (Renumbered from 48-1d-1402, as enacted by Laws of Utah 2013,
372 Chapter 412)
373 **16-18-1303**, (Renumbered from 48-1d-1403, as enacted by Laws of Utah 2013,
374 Chapter 412)
375 **16-18-1304**, (Renumbered from 48-1d-1404, as enacted by Laws of Utah 2013,
376 Chapter 412)
377 **16-18-1305**, (Renumbered from 48-1d-1405, as enacted by Laws of Utah 2013,
378 Chapter 412)
379 **16-19-101**, (Renumbered from 48-2e-102, as enacted by Laws of Utah 2013, Chapter
380 412)
381 **16-19-102**, (Renumbered from 48-2e-103, as enacted by Laws of Utah 2013, Chapter
382 412)
383 **16-19-103**, (Renumbered from 48-2e-104, as enacted by Laws of Utah 2013, Chapter
384 412)
385 **16-19-104**, (Renumbered from 48-2e-105, as enacted by Laws of Utah 2013, Chapter
386 412)
387 **16-19-105**, (Renumbered from 48-2e-106, as enacted by Laws of Utah 2013, Chapter
388 412)
389 **16-19-106**, (Renumbered from 48-2e-107, as enacted by Laws of Utah 2013, Chapter
390 412)
391 **16-19-107**, (Renumbered from 48-2e-112, as enacted by Laws of Utah 2013, Chapter
392 412)
393 **16-19-108**, (Renumbered from 48-2e-113, as enacted by Laws of Utah 2013, Chapter
394 412)
395 **16-19-109**, (Renumbered from 48-2e-114, as enacted by Laws of Utah 2013, Chapter
396 412)
397 **16-19-110**, (Renumbered from 48-2e-115, as enacted by Laws of Utah 2013, Chapter
398 412)
399 **16-19-111**, (Renumbered from 48-2e-116, as enacted by Laws of Utah 2013, Chapter
400 412)
401 **16-19-112**, (Renumbered from 48-2e-117, as enacted by Laws of Utah 2013, Chapter
402 412)

403 **16-19-113**, (Renumbered from 48-2e-118, as enacted by Laws of Utah 2013, Chapter
404 412)
405 **16-19-201**, (Renumbered from 48-2e-201, as enacted by Laws of Utah 2013, Chapter
406 412)
407 **16-19-202**, (Renumbered from 48-2e-202, as enacted by Laws of Utah 2013, Chapter
408 412)
409 **16-19-301**, (Renumbered from 48-2e-301, as enacted by Laws of Utah 2013, Chapter
410 412)
411 **16-19-302**, (Renumbered from 48-2e-302, as enacted by Laws of Utah 2013, Chapter
412 412)
413 **16-19-303**, (Renumbered from 48-2e-303, as enacted by Laws of Utah 2013, Chapter
414 412)
415 **16-19-304**, (Renumbered from 48-2e-304, as enacted by Laws of Utah 2013, Chapter
416 412)
417 **16-19-305**, (Renumbered from 48-2e-305, as enacted by Laws of Utah 2013, Chapter
418 412)
419 **16-19-306**, (Renumbered from 48-2e-306, as enacted by Laws of Utah 2013, Chapter
420 412)
421 **16-19-401**, (Renumbered from 48-2e-401, as enacted by Laws of Utah 2013, Chapter
422 412)
423 **16-19-402**, (Renumbered from 48-2e-402, as enacted by Laws of Utah 2013, Chapter
424 412)
425 **16-19-403**, (Renumbered from 48-2e-403, as enacted by Laws of Utah 2013, Chapter
426 412)
427 **16-19-404**, (Renumbered from 48-2e-404, as enacted by Laws of Utah 2013, Chapter
428 412)
429 **16-19-405**, (Renumbered from 48-2e-405, as enacted by Laws of Utah 2013, Chapter
430 412)
431 **16-19-406**, (Renumbered from 48-2e-406, as enacted by Laws of Utah 2013, Chapter
432 412)
433 **16-19-407**, (Renumbered from 48-2e-407, as enacted by Laws of Utah 2013, Chapter
434 412)
435 **16-19-408**, (Renumbered from 48-2e-408, as enacted by Laws of Utah 2013, Chapter
436 412)

437 **16-19-409**, (Renumbered from 48-2e-409, as enacted by Laws of Utah 2013, Chapter
438 412)
439 **16-19-501**, (Renumbered from 48-2e-501, as enacted by Laws of Utah 2013, Chapter
440 412)
441 **16-19-502**, (Renumbered from 48-2e-502, as enacted by Laws of Utah 2013, Chapter
442 412)
443 **16-19-503**, (Renumbered from 48-2e-503, as enacted by Laws of Utah 2013, Chapter
444 412)
445 **16-19-504**, (Renumbered from 48-2e-504, as enacted by Laws of Utah 2013, Chapter
446 412)
447 **16-19-505**, (Renumbered from 48-2e-505, as enacted by Laws of Utah 2013, Chapter
448 412)
449 **16-19-601**, (Renumbered from 48-2e-601, as enacted by Laws of Utah 2013, Chapter
450 412)
451 **16-19-602**, (Renumbered from 48-2e-602, as enacted by Laws of Utah 2013, Chapter
452 412)
453 **16-19-603**, (Renumbered from 48-2e-603, as enacted by Laws of Utah 2013, Chapter
454 412)
455 **16-19-604**, (Renumbered from 48-2e-604, as enacted by Laws of Utah 2013, Chapter
456 412)
457 **16-19-605**, (Renumbered from 48-2e-605, as enacted by Laws of Utah 2013, Chapter
458 412)
459 **16-19-606**, (Renumbered from 48-2e-606, as enacted by Laws of Utah 2013, Chapter
460 412)
461 **16-19-607**, (Renumbered from 48-2e-607, as enacted by Laws of Utah 2013, Chapter
462 412)
463 **16-19-701**, (Renumbered from 48-2e-701, as enacted by Laws of Utah 2013, Chapter
464 412)
465 **16-19-702**, (Renumbered from 48-2e-702, as enacted by Laws of Utah 2013, Chapter
466 412)
467 **16-19-703**, (Renumbered from 48-2e-703, as enacted by Laws of Utah 2013, Chapter
468 412)
469 **16-19-704**, (Renumbered from 48-2e-704, as enacted by Laws of Utah 2013, Chapter
470 412)

471 **16-19-801**, (Renumbered from 48-2e-801, as last amended by Laws of Utah 2023,
472 Chapter 401)
473 **16-19-802**, (Renumbered from 48-2e-802, as last amended by Laws of Utah 2023,
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 869 **48-3a-1055**, as enacted by Laws of Utah 2013, Chapter 412
 870 **48-3a-1056**, as enacted by Laws of Utah 2013, Chapter 412
 871 **48-4-105**, as enacted by Laws of Utah 2018, Chapter 201
 872 **48-5-105**, as last amended by Laws of Utah 2024, Chapter 161

874 *Be it enacted by the Legislature of the state of Utah:*

875 Section 1. Section **13-1a-101** is enacted to read:

876 **Part 1. General Provisions**

877 **13-1a-101 . Definitions.**

878 As used in this chapter:

(1) "Director" means the director of the division appointed in accordance with Section 13-1a-103.

(2) "Division" means the Division of Corporations and Commercial Code created in Section 13-1a-102.

(3) "Executive director" means the executive director of the Department of Commerce appointed under Section 13-1-3.

Section 2. Section **13-1a-102**, which is renumbered from Section 13-1a-1 is renumbered and amended to read:

[13-1a-1] 13-1a-102 . Creation of division -- Responsibilities.

(1) There is established within the Department of [-]Commerce the Division of Corporations and Commercial Code [~~which~~] that is responsible for corporation and commercial code filings in this state.

(2) The division shall administer:

(a) Section 41-12a-505;

(b) Title 3, Chapter 1, General Provisions Relating to Agricultural Cooperative Associations;

(c) Title 16, Business Entities;

(d) Title 42, Chapter 2, Conducting Business as a D.B.A.;

(e) Title 70, Chapter 3a, Registration and Protection of Trademarks and Service Marks Act; and

(f) Title 70A, Uniform Commercial Code.

Section 3. Section **13-1a-103**, which is renumbered from Section 13-1a-2 is renumbered and amended to read:

[13-1a-2] 13-1a-103 . Director to supervise division -- Appointment.

(1) The division shall be under the supervision, direction, and control of a director.[-]

(2) [~~The director shall be appointed by the~~] The executive director[-of the Department of Commerce] , with the approval of the governor, shall appoint the director.[-]

(3) The director shall hold office at the [~~pleasure~~] discretion of the governor.

Section 4. Section **13-1a-104**, which is renumbered from Section 13-1a-3 is renumbered and amended to read:

[13-1a-3] 13-1a-104 . Employment and compensation of personnel -- Compensation of director.

(1) The director, with the approval of the executive director, may employ personnel necessary to carry out the duties and responsibilities of the division at salaries [

established by] the executive director establishes according to standards [established by]
that the Division of Human Resource Management establishes. [-]

- (2) The executive director shall establish the salary of the director according to standards [established by] that the Division of Human Resource Management establishes.

Section 5. Section **13-1a-105**, which is renumbered from Section 13-1a-4 is renumbered and amended to read:

[13-1a-4] 13-1a-105 . Annual budget.

On or before [the 1st day of October] October 1 each year, the director shall prepare and submit to the executive director an annual budget of the administrative expenses of the division.

Section 6. Section **13-1a-106**, which is renumbered from Section 13-1a-5 is renumbered and amended to read:

[13-1a-5] 13-1a-106 . Authority of director.

The director [has authority] may:

- (1) [to] make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to administer the responsibilities of the division;
- (2) [to] investigate, upon receiving a complaint, the corporation and commercial code filings and compliance governed by [the laws administered and enforced by the division] a law the division administers and enforces; [-and]
- [(3) under the provisions of Title 63G, Chapter 4, Administrative Procedures Act, to take administrative action against persons in violation of the division rules and the laws administered by it, including the issuance of cease and desist orders.]
- (3) bring an administrative or civil action in a court with jurisdiction;
- (4) in accordance with Title 63G, Chapter 4, Administrative Procedures Act:
 - (a) take administrative action against a person that violates a division rule or a law that the division administers, including issuing a cease and desist order; and
 - (b) hold or cause to be held administrative hearings regarding a matter affecting:
 - (i) the division; or
 - (ii) the incorporation or registration activities of a business governed by a law administered by the division;
- (5) for a purpose described in this chapter or any chapter the division administers:
 - (a) administer an oath;
 - (b) issue a subpoena;
 - (c) compel the attendance of a witness; and

- (d) compel the production of papers, books, accounts, documents, and evidence; and
(6) designate an individual to carry out an action described in Subsection (5).

Section 7. Section **13-1a-107**, which is renumbered from Section 13-1a-6 is renumbered and amended to read:

**[13-1a-6] 13-1a-107 . Powers of Division of Corporations and Commercial Code
-- Document retention.**

- (1) The ~~[Division of Corporations and Commercial Code shall have]~~ division has the power and authority reasonably necessary to enable ~~[it]~~ the division to:

(a) ~~[to]~~efficiently administer [the laws and rules] each law and rule for which ~~[it]~~ the division is responsible; and

(b) ~~[to]~~perform the duties imposed upon [it] the division by law.

- (2) The division ~~[has authority]~~ may, under Title 63G, Chapter 3, Utah Administrative Rulemaking Act, ~~[to]~~make rules and procedures for the processing, retention, and disposal of filed documents to efficiently utilize electronic and computerized document image storage and retrieval.

- (3) Notwithstanding the provisions of Section 63A-12-105, original documents filed in the division offices ~~[may]~~ are not ~~[be]~~considered property of the state if the division retains electronic image reproductions ~~[thereof which]~~ of the original documents that comply with the provisions of Title 63G, Chapter 2, Government Records Access and Management Act~~[, are retained by the division]~~.

- (4)(a) The division shall offer to sell or license to the public on a nonexclusive basis a copy of each document filed with the division in each medium that is available to the filing office:

(i) in bulk; or

(ii) through a subscription.

- (b) In accordance with Section 63J-1-504, the division may charge a fee for the services described in Subsection (4)(a).

Section 8. Section **13-1a-108**, which is renumbered from Section 13-1a-7 is renumbered and amended to read:

[13-1a-7] 13-1a-108 . Hearing powers.

- (1) The director, in accordance with Title 63G, Chapter 4, Administrative Procedures Act, may hold or cause to be held an administrative ~~[hearings]~~ hearing regarding ~~[any]~~ a matter affecting the division or the incorporation or registration activities of ~~[any]~~ a business governed by the laws ~~[administered by]~~ the division administers.

(2) The director or the director's designee, for the purposes outlined in this chapter or ~~[any]~~ a chapter administered by the division, may administer oaths, issue subpoenas, compel the attendance of witnesses, and compel the production of papers, books, accounts, documents, and evidence.

Section 9. Section **13-1a-109**, which is renumbered from Section 13-1a-8 is renumbered and amended to read:

~~[13-1a-8]~~ 13-1a-109 . Violation of an administrative order, a restraining order, or an injunctive order -- Civil penalty.

If ~~[any]~~ a person violates an administrative order, a restraining order, or an injunction [issued] that the division issues under this chapter ~~[is violated,]~~ and the person receives notice of the administrative order, restraining order, or injunction, the division may submit a motion for, or ~~[the court on its own motion]~~ a court with jurisdiction may impose, a civil penalty of not more than \$100 for each day a person violates an administrative order, a restraining order, preliminary injunction, or permanent injunction [issued] that the division issues under this chapter ~~[is violated, if the party has received notice of the restraining order or injunction].~~

Section 10. Section **13-1a-110**, which is renumbered from Section 13-1a-9 is renumbered and amended to read:

~~[13-1a-9]~~ 13-1a-110 . Fees of Division of Corporations and Commercial Code.

(1) In addition to the fees ~~[prescribed by]~~ described in Title 16, Chapter 6a, Utah Revised Nonprofit Corporation Act, and Title 16, Chapter 10a, Utah Revised Business Corporation Act, the ~~[Division of Corporations and Commercial Code]~~ division shall receive and determine fees ~~[pursuant to]~~ in accordance with Section 63J-1-504 for filing articles of incorporation or amendments ~~[of]~~ for:

- (a) ~~[-insurance corporations,]~~ an insurance corporation;
- (b) ~~[of]~~ a canal or irrigation ~~[corporations]~~ corporation organized for furnishing water to lands owned exclusively by the members ~~[thereof exclusively,]~~ of the canal or irrigation corporation; or
- (c) ~~[of]~~ a water users' ~~[associations]~~ association:
 - (i) organized in conformity with the requirements of the United States under the Reclamation Act of June 17, 1902~~[,]~~ ; and
 - (ii) ~~[which are]~~ that is authorized to furnish water only to ~~[their]~~ the water users' association's stockholders.

(2) ~~[-No]~~ The division may not impose a license fee ~~[may be imposed on insurance corporations, canal or irrigation corporations organized for furnishing water to lands~~

owned by the members thereof exclusively, or water users' associations organized in conformity with the requirements of the United States under the Reclamation Act of June 17, 1902, and which are authorized to furnish water only to the stockholders] on an entity described in Subsections (1)(a) through (c) at the time [any such corporation] the entity files [its] the entity's articles of incorporation, articles of amendment increasing the number of authorized shares, or articles of merger or consolidation[, any provision of Title 16, Chapter 10a, Utah Revised Business Corporation Act, to the contrary notwithstanding].

Section 11. Section **16-1a-101** is enacted to read:

TITLE 16. Business Entities

CHAPTER 1a. Provisions Applicable to All Business Entities

Part 1. General Provisions

16-1a-101 . Definitions.

As used in this chapter:

- (1)(a) "Acquired entity" means an entity acquired by another entity in an interest exchange.
- (b) "Acquired entity" includes all of one or more classes or series of interests belonging to the entity that the other entity acquires.
- (2) "Acquiring entity" means the entity that acquires all of one or more classes or series of interests of the acquired entity in an interest exchange.
- (3)(a) "Address" means a location where the United States Postal Service may deliver mail.
- (b) "Address" includes:
- (i) a post office box number;
 - (ii) a rural free delivery route number; and
 - (iii) a street name and number.
- (4) "Appointment of agent" means a statement appointing an agent for service of process filed by a domestic filing entity, domestic limited liability partnership, a registered foreign entity, or a D.B.A. registered under Title 42, Chapter 2, Conducting Business as a D.B.A.
- (5) "Approve" means an entity's governors and interest holders taking steps required under the entity's organic rules, organic law, and other law to:
- (a) propose a transaction subject to this title;

(b) adopt and approve the terms and conditions of the transaction; and

(c) conduct required proceedings or otherwise obtain a required vote or consent of the
governors or interest holders.

(6)(a) "Articles of incorporation" means a document that a person files to establish a
domestic corporation.

(b) "Articles of incorporation" includes:

(i) amended articles of incorporation;

(ii) restated articles of incorporation;

(iii) articles of merger; and

(iv) a substantially similar document to the documents described in Subsections
(6)(b)(i) through (iii).

(7) "Assumed corporate name" means the same as that term is defined in Section
16-10a-102.

(8) "Beneficiary" means a person holding a certificate representing a beneficial interest in a
trust estate and assets.

(9) "Benefit company" means a limited liability company that elects to become subject to
Chapter 21, Benefit Limited Liability Company Act, and the business corporation's
status as a benefit company has not terminated.

(10) "Benefit corporation" means a business corporation that elects to become subject to
Chapter 10b, Benefit Corporation Act, and the status of the business corporation as a
benefit corporation has not terminated.

(11)(a) "Board of directors" means the body authorized to manage the affairs of a
domestic corporation or a foreign corporation.

(b) "Board of directors" does not include an individual who is delegated power under
Subsection 16-6a-801(2) or 16-10a-801(2).

(12) "Business corporation" means a corporation formed under:

(a) Chapter 10a, Utah Revised Business Corporation Act;

(b) Chapter 10b, Benefit Corporation Act; or

(c) Chapter 11, Professional Corporation Act.

(13) "Business trust" means an entity:

(a) engaged in a trade or business; and

(b) created by a declaration of trust that transfers property to trustees, that the trustees
will hold and manage for the benefit of one or more beneficiary.

(14)(a) "Bylaws" means:

- 1082 (i) one or more code of rules, other than the articles of incorporation, adopted under
1083 this title, for the regulation or management of the affairs of a domestic corporation
1084 or foreign corporation;
- 1085 (ii) the procedural rules and regulations that govern:
- 1086 (A) a decentralized autonomous organization organized under Chapter 22,
1087 Decentralized Autonomous Organization Act; and
- 1088 (B) the interaction of the decentralized autonomous organization's members and
1089 participants; or
- 1090 (iii) the articles of organization of a limited cooperative association required by
1091 Section 16-16-302.
- 1092 (b) "Bylaws" includes amended bylaws and restated bylaws.
- 1093 (15)(a) "Certificate of limited partnership" means a document a person files to establish
1094 a domestic limited partnership.
- 1095 (b) "Certificate of limited partnership" includes the certificate of limited partnership as
1096 amended or restated.
- 1097 (16)(a) "Certificate of organization" means a document a person files to establish a
1098 domestic limited liability company.
- 1099 (b) "Certificate of organization" includes a certificate of organization as amended or
1100 restated.
- 1101 (17) "Class" means a group of memberships with a right that, with respect to voting,
1102 dissolution, redemption, transfer, or other similar characteristics, is determined to be the
1103 same right by using a formula applied uniformly to a group of memberships.
- 1104 (18) "Commercial registered agent" means an individual or a domestic entity or foreign
1105 entity described in Section 16-1a-405.
- 1106 (19) "Contribution" means a property or a benefit described in Section 16-18-501,
1107 16-19-501, or 16-20-402 or Chapter 16, Part 10, Contributions, Allocations, and
1108 Distributions, that a person provides to a limited liability company, limited partnership,
1109 partnership, or limited cooperative association.
- 1110 (20) "Control" means the direct or indirect possession of the power to direct or cause the
1111 direction of the management and policies of an entity, whether through the ownership of
1112 voting shares, by contract, or other means.
- 1113 (21) "Conversion" means a transaction described in Part 9, Conversion.
- 1114 (22) "Converted entity" means a converting entity as the converting entity continues in
1115 existence after a conversion.

- 1116 (23) "Converting entity" means:
1117 (a) a domestic entity that approves a plan of conversion in accordance with Section
1118 16-1a-904; or
1119 (b) a foreign entity that approves a conversion in accordance with the law of the foreign
1120 entity's jurisdiction of formation.
- 1121 (24) "Cooperative" means a limited cooperative association or an entity organized under a
1122 cooperative law of a jurisdiction.
- 1123 (25) "Cooperative nonprofit corporation" means a nonprofit corporation organized or
1124 existing under Section 16-6a-207.
- 1125 (26) "Corporate name" means:
1126 (a) the name of a domestic corporation or a domestic nonprofit corporation as stated in
1127 the domestic corporation's or domestic nonprofit corporation's articles of
1128 incorporation; or
1129 (b) the name of a foreign corporation or a foreign nonprofit corporation as stated in the
1130 foreign corporation's or foreign nonprofit corporation's articles of incorporation.
- 1131 (27) "Corporation" means a nonprofit corporation or a business corporation.
- 1132 (28) "D.B.A." means a name that complies with the requirements of Title 42, Chapter 2,
1133 Conducting Business as a D.B.A.
- 1134 (29) "Decentralized autonomous organization" means the same as that term is defined in
1135 Section 16-22-101.
- 1136 (30) "Delegate" means a person elected or appointed to vote in a representative assembly:
1137 (a) for the election of a director; or
1138 (b) on a matter other than the election of a director.
- 1139 (31) "Designation of agent" means a statement designating a registered agent delivered to
1140 the division for filing in accordance with Section 16-1a-411 by a nonregistered foreign
1141 entity or a nonfiling domestic entity.
- 1142 (32) "Director" means a member of the board of directors.
- 1143 (33)(a) "Distribution" means:
1144 (i) for an entity formed under Chapter 6a, Utah Revised Nonprofit Corporation Act,
1145 the payment of a dividend or a part of the income or profit of a nonprofit
1146 corporation to the nonprofit corporation's members, directors, or officers;
1147 (ii) for an entity formed under Chapter 16, Uniform Limited Cooperative Association
1148 Act, except as provided in Subsection 16-16-1007(5), a transfer of money or other
1149 property from a limited cooperative association to a member because of the

member's financial rights or to a transferee of a member's financial rights; or

(iii) for an entity formed under Chapter 18, Utah Uniform Partnership Act, through

Chapter 22, Decentralized Autonomous Organization Act, a transfer of money or

other property from a limited liability company, limited partnership, or partnership

to a person because of a transferable interest or in the person's capacity as a

member.

(b) "Distribution" includes:

(i) a redemption or other purchase by a limited liability company, limited partnership,

or partnership of a transferable interest; and

(ii) a transfer to a member or partner in return for the member's or partner's

relinquishing any right:

(A) to participate as a member or partner in the management or conduct of the

entity's activities and affairs; or

(B) to have access to a record or other information concerning the entity's

activities and affairs.

(c) "Distribution" does not include:

(i) a fair-value payment for a good sold or a service received;

(ii) reasonable compensation for present or past service; or

(iii) a payment made in the ordinary course of business under a bona fide retirement

plan or other bona fide benefits program.

(34) "Distributional interest" means a person's right under an unincorporated entity's

organic law and organic rules to receive distributions from the unincorporated entity.

(35) "Division" means the Division of Corporations and Commercial Code established by

Section 13-1a-102.

(36) "Domestic" means, with respect to an entity, that the laws of this state govern the

entity's internal affairs.

(37) "Domestic entity" means an entity whose internal affairs are governed by the laws of

this state.

(38) "Domesticated entity" means a domesticating entity as the domesticating entity

continues in existence after a domestication.

(39) "Domesticating entity" means:

(a) a domestic entity that approves a plan of domestication in accordance with Section

16-1a-1004; or

(b) a foreign entity that approves a domestication in accordance with the law of the

foreign entity's jurisdiction of formation.

(40) "Domestication" means a transaction authorized under Part 10, Domestication.

(41)(a) "Entity" means:

(i) a business corporation;

(ii) a nonprofit corporation;

(iii) a partnership;

(iv) a decentralized autonomous organization;

(v) a limited liability partnership;

(vi) a limited partnership;

(vii) a limited liability limited partnership;

(viii) a limited liability company;

(ix) a limited cooperative association;

(x) an unincorporated nonprofit association;

(xi) a statutory trust, business trust, or common-law business trust; or

(xii) another person that has:

(A) a legal existence separate from an interest holder of that person; or

(B) the power to acquire an interest in real property in the person's own name.

(b) "Entity" does not include:

(i) an individual;

(ii) a trust with a predominantly donative purpose;

(iii) a charitable trust;

(iv) an association or relationship that is not a partnership solely by reason of

Subsection 16-18-202(3) or a similar provision of the law of another jurisdiction;

(v) a decedent's estate; or

(vi) a government or a governmental subdivision, agency, or instrumentality.

(42) "Filing entity" means an entity that is created by the filing of a public organic document.

(43)(a) "Financial right" means the right to participate in an allocation and distribution as provided in Chapter 16, Part 10, Contributions, Allocations, and Distributions.

(b) "Financial right" does not include a right or obligation in a marketing contract as provided in Chapter 16, Part 7, Marketing Contracts.

(44) "Foreign entity" means an entity whose internal affairs are governed by the laws of another state, tribe, or country.

(45) "Foreign registration statement" means a document filed to allow a foreign entity

- 1218 ability to transact business in this state.
- 1219 (46) "General partner" means the same as that term is defined in Section 16-19-101.
- 1220 (47) "Governance interest" means, for a person other than a governor, an agent, an assignee,
- 1221 or a proxy, the right under the organic law or organic rules of an entity to:
- 1222 (a) receive or demand access to information concerning:
- 1223 (i) the entity; or
- 1224 (ii) the books and records of the entity; or
- 1225 (b) receive notice of or vote on one or more issues involving the internal affair of the
- 1226 entity.
- 1227 (48) "Governance right" means the right to participate in the governance of a limited
- 1228 cooperative association.
- 1229 (49) "Governor" means:
- 1230 (a) a director of a business corporation;
- 1231 (b) a director or trustee of a nonprofit corporation;
- 1232 (c) a general partner of a partnership;
- 1233 (d) a general partner of a limited partnership;
- 1234 (e) a manager of a manager-managed limited liability company;
- 1235 (f) a member of a member-managed limited liability company;
- 1236 (g) a director of a limited cooperative association;
- 1237 (h) a manager of an unincorporated nonprofit association;
- 1238 (i) a trustee of a statutory trust, business trust, or common-law business trust; or
- 1239 (j) any other person:
- 1240 (i) under whose authority a person may exercise the powers of an entity; or
- 1241 (ii) under whose direction a person manages the activities and affairs of the entity in
- 1242 accordance with the organic law and organic rules of the entity.
- 1243 (50) "Interest" means a:
- 1244 (a) share in a business corporation;
- 1245 (b) membership in a nonprofit corporation;
- 1246 (c) partnership interest in a partnership;
- 1247 (d) partnership interest in a limited partnership;
- 1248 (e) membership interest in a limited cooperative association;
- 1249 (f) member's interest in a limited cooperative association;
- 1250 (g) membership in an unincorporated nonprofit association;
- 1251 (h) beneficial interest in a statutory trust, business trust, or common-law business trust; or

(i) governance interest or distributional interest in any other type of unincorporated entity.

(51) "Interest exchange" means a transaction authorized in Part 8, Interest Exchange.

(52) "Interest holder" means:

(a) a shareholder of a business corporation;

(b) a member of a nonprofit corporation;

(c) a general partner of a partnership;

(d) a general partner of a limited partnership;

(e) a limited partner of a limited partnership;

(f) a member of a limited liability company;

(g) a member of a limited cooperative association;

(h) a member of an unincorporated nonprofit association;

(i) a beneficiary or beneficial owner of a statutory trust, business trust, or common-law business trust; or

(j) any other direct holder of an interest.

(53) "Interest holder liability" means:

(a) personal liability for the liability of an entity that is imposed on a person:

(i) as a direct result of the person's status as an interest holder; or

(ii) by the organic rules of the entity that make one or more specified interest holders or categories of interest holders liable because of the interest holders' capacity as interest holders for all or specified liabilities of the entity; or

(b) an obligation of an interest holder under the organic rules of the entity to contribute to the entity.

(54) "Investor member" means a member that:

(a)(i) makes a contribution to a limited cooperative association; and

(ii) is not required by the organic rules to conduct patronage with the association in the member's capacity as an investor member in order to receive the member's interest; or

(b) is not permitted by the organic rules to conduct patronage with the association in the member's capacity as an investor member in order to receive the member's interest.

(55) "Jurisdiction of formation" means:

(a) the jurisdiction under whose law an entity is formed; or

(b) for a limited liability partnership or foreign limited liability partnership, the jurisdiction in which the partnership's statement of qualification is filed.

- (56) "Limited cooperative association" means an association organized under Chapter 16, Uniform Limited Cooperative Association Act.
- (57) "Limited liability company" means the same as that term is defined in Section 16-20-101.
- (58) "Limited liability partnership" means the same as that term is defined in Section 16-18-101.
- (59) "Limited partner" means the same as that term is defined in Section 16-19-101.
- (60) "Limited partnership" means the same as that term is defined in Section 16-19-101.
- (61) "Manager" means the same as that term is defined in Section 16-20-101.
- (62) "Manager-managed limited liability company" means the same as that term is defined in Section 16-20-101.
- (63)(a) "Member" means:
- (i) a person identified or appointed as a member:
 - (A) in an entity's articles of incorporation;
 - (B) in an entity's bylaws;
 - (C) by a resolution of a board of directors; or
 - (D) by a resolution of the members of a nonprofit corporation;
 - (ii) for an entity formed under Chapter 16, Uniform Limited Cooperative Association Act, a person that is admitted as a patron member or investor member, or as both a patron member and investor member;
 - (iii) for an entity formed under Chapter 20, Utah Revised Uniform Limited Liability Company Act, a person that owns part of the limited liability company but does not directly own the limited liability company's property; or
 - (iv) for an entity formed under Chapter 22, Decentralized Autonomous Organization Act, a person with governance rights in a decentralized autonomous organization.
- (b) "Member" includes a voting member.
- (c) "Member" does not include:
- (i) an individual who involuntarily receives governance rights, unless that individual chooses to participate in governance by undertaking a governance behavior for a decentralized autonomous organization; or
 - (ii) a person that dissociates as a member.
- (64) "Member-managed limited liability company" means a limited liability company that is not a manager-managed limited liability company.
- (65) "Member's interest" means the same as that term is defined in Section 16-16-102.

- (66) "Merger" means a transaction authorized under Part 7, Merger.
- (67) "Merging entity" means an entity that is a party to a merger and exists immediately before the merger becomes effective.
- (68) "Money" means:
- (a) legal tender;
- (b) a negotiable instrument; or
- (c) another cash equivalent readily convertible into legal tender.
- (69) "Noncommercial registered agent" means a person that is:
- (a) not listed as a commercial registered agent under Section 16-1a-405; and
- (b)(i) an individual, a domestic entity, or a foreign entity that serves in this state as the agent for service of process on an entity; or
- (ii) the individual who holds the office or other position in an entity who an entity designates as the agent for service of process in accordance with Section 16-1a-404.
- (70) "Nonfiling domestic entity" means a domestic entity that is not a filing entity.
- (71) "Nonregistered foreign entity" means a foreign entity that is not a registered foreign entity.
- (72) "Nonresident LLP statement" means:
- (a) a statement of qualification of a domestic limited liability partnership that does not have an office in this state; or
- (b) a statement of foreign qualification of a foreign limited liability partnership that does not have an office in this state.
- (73) "Operating agreement" means the same as that term is defined in Section 16-20-101.
- (74) "Organic law" means the law of an entity's jurisdiction of formation that governs the internal affairs of the entity.
- (75) "Organic rules" means the public organic record and private organic rules of an entity.
- (76) "Partner" means a general partner or limited partner.
- (77) "Partnership" means the same as that term is defined in Section 16-18-101.
- (78) "Partnership agreement" means the same as that term is defined in Section 16-19-101.
- (79) "Patron member" means the same as that term is defined in Section 16-16-102.
- (80) "Patronage" means the same as that term is defined in Section 16-16-102.
- (81) "Plan of conversion" means a plan approved in accordance with Section 16-1a-904.
- (82) "Plan of domestication" means a plan approved in accordance with Section 16-1a-1004.
- (83) "Plan of interest exchange" means a plan approved in accordance with Section

- 1354 16-1a-804.
- 1355 (84) "Plan of merger" means a plan approved in accordance with Section 16-1a-704.
- 1356 (85)(a) "Private organic rules" means the rules whether in a record or not, that govern
- 1357 the internal affairs of an entity, that are binding on all the entity's interest holders.
- 1358 (b) "Private organic rules" includes the:
- 1359 (i) bylaws of a business corporation;
- 1360 (ii) bylaws of a nonprofit corporation;
- 1361 (iii) bylaws of a decentralized autonomous organization;
- 1362 (iv) partnership agreement of a partnership;
- 1363 (v) partnership agreement of a limited partnership;
- 1364 (vi) operating agreement of a limited liability company;
- 1365 (vii) bylaws of a limited cooperative association;
- 1366 (viii) governing principles of an unincorporated nonprofit association; and
- 1367 (ix) trust instrument of a statutory trust or similar rules of a business trust of
- 1368 common-law business trust.
- 1369 (86) "Professional corporation" means the same as that term is defined in Section 16-11-2.
- 1370 (87) "Protected agreement" means:
- 1371 (a) a record showing indebtedness and any related agreement in effect on January 1,
- 1372 2014;
- 1373 (b) an agreement that is binding on an entity on January 1, 2014;
- 1374 (c) the organic rules of an entity in effect on January 1, 2014; or
- 1375 (d) an agreement that is binding on any of the governors or interest holders of an entity
- 1376 on January 1, 2014.
- 1377 (88)(a) "Public organic record" means the record of the filing that the division makes to
- 1378 form an entity and any amendment to or restatement of that record.
- 1379 (b) "Public organic record" includes the:
- 1380 (i) articles of incorporation of a business corporation;
- 1381 (ii) articles of incorporation of a nonprofit corporation;
- 1382 (iii) certificate of limited partnership or a limited partnership;
- 1383 (iv) certificate of organization of a limited liability company;
- 1384 (v) certificate of organization for a decentralized autonomous organization;
- 1385 (vi) articles of organization of a limited cooperative association; and
- 1386 (vii) certificate of trust of a statutory trust or similar record of a business trust.
- 1387 (89) "Record" means information inscribed on a tangible medium or stored in an electronic

1388 or other medium that is retrievable in a perceivable form.

1389 (90) "Registered agent" means a person that an entity authorizes to receive service of a
1390 process, notice, or demand required or permitted by law to be served on the entity.

1391 (91) "Registered agent filing" means:

1392 (a) the public organic record of a domestic filing entity;

1393 (b) a statement of qualification of a domestic limited liability partnership;

1394 (c) a foreign registration statement filed in accordance with Section 16-1a-504; or

1395 (d) a designation of agent.

1396 (92) "Registered foreign entity" means a foreign entity that is registered to do business in
1397 this state in accordance with a record filed with the division.

1398 (93) "Registered office" means the office within this state designated by a domestic entity
1399 that is a corporation or a foreign entity that is a corporation as the domestic entity's or
1400 foreign entity's registered office in the most recent document on file with the division
1401 such as the domestic entity's or foreign entity's:

1402 (a) articles of incorporation;

1403 (b) application for a certificate of authority; or

1404 (c) notice of change of the registered office.

1405 (94) "Represented entity" means:

1406 (a) a domestic filing entity;

1407 (b) a domestic limited liability partnership;

1408 (c) a registered foreign entity;

1409 (d) a domestic or foreign unincorporated nonprofit association for which a designation
1410 of agent is in effect;

1411 (e) a domestic nonfiling entity for which a designation of agent is in effect; or

1412 (f) a nonregistered foreign entity for which a designation of agent is in effect.

1413 (95) "Series" means a series created in accordance with Chapter 20, Part 11, Series Limited
1414 Liability Companies.

1415 (96) "Share" means:

1416 (a) for an entity organized under Chapter 6a, Utah Revised Nonprofit Corporation Act, a
1417 unit of interest in a nonprofit corporation; or

1418 (b) for an entity organized under Chapter 10a, Utah Revised Business Corporation Act,
1419 the unit into which the proprietary interest in a corporation is divided.

1420 (97) "Shareholder" means the same as that term is defined in Section 16-10a-102.

1421 (98) "Statement of conversion" means a statement described in Section 16-1a-906.

- (99) "Statement of domestication" means a statement described in Section 16-1a-1006.
- (100) "Statement of interest exchange" means a statement described in Section 16-1a-806.
- (101) "Statement of merger" means a statement described in Section 16-1a-706.
- (102) "Statement of qualification" means a document that a person files with the division to establish a domestic limited liability partnership or domestic general partnership.
- (103) "Surviving entity" means an entity that continues in existence after a merger or that is created by a merger.
- (104) "Transfer" means:
- (a) an assignment;
 - (b) a conveyance;
 - (c) a deed;
 - (d) a sale;
 - (e) a lease;
 - (f) a mortgage;
 - (g) a security interest;
 - (h) an encumbrance;
 - (i) a gift; or
 - (j) a transfer by operation of law.
- (105) "Transferable interest" means the right under an entity's organic law to receive a distribution from an entity.
- (106) "Type of entity" means a generic form of entity:
- (a) recognized at common law; or
 - (b) formed under an organic law.
- (107) "Voting member" means the same as that term is defined in Section 16-6a-102.
- Section 12. Section **16-1a-102** is enacted to read:
- 16-1a-102 . Certificate of existence or registration.**
- (1) Upon request of a person, the division shall issue a certificate of existence for a domestic filing entity or a certificate of registration for a registered foreign entity.
- (2) The division shall ensure that a certificate described in Subsection (1) states:
- (a) the domestic filing entity's name or the registered foreign entity's name used in the state;
 - (b) for a domestic filing entity:
 - (i) that the division has filed the domestic filing entity's public organic record and the public organic record has taken effect;

- 1456 (ii) the date the public organic record took effect;
1457 (iii) the period of the entity's duration if the records of the division reflect that the
1458 entity's period of duration is less than perpetual; and
1459 (iv) that the records of the division do not reflect that the entity has been dissolved;
1460 (c) for a registered foreign entity, that the registered foreign entity is registered to do
1461 business in this state;
1462 (d) that the domestic filing entity or the registered foreign entity pays all fees, taxes,
1463 interest, and penalties collected by the division that the domestic filing entity or
1464 registered foreign entity owes to the state if:
1465 (i) the division's records reflect the domestic filing entity's or the registered foreign
1466 entity's payment of the fee, tax, interest, or penalty; and
1467 (ii) nonpayment of the fees, taxes, interest, and penalties affects the good standing or
1468 registration of the domestic filing entity or the registered foreign entity;
1469 (e) that domestic filing entity or the registered foreign entity has delivered to the division
1470 for filing the most recent annual report required by the division;
1471 (f) that a proceeding is not pending under Part 6, Administrative Dissolution; and
1472 (g) other reasonable facts contained in the division's records relating to the domestic
1473 filing entity or the registered foreign entity that the person requesting the certificate
1474 requests.
1475 (3) Subject to a qualification stated in the certificate of existence or registration, a person
1476 may rely on the facts stated in the certificate of existence or registration issued by the
1477 division under Subsection (1) as conclusive evidence of the facts stated in the certificate
1478 of existence or registration.

1479 Section 13. Section **16-1a-201** is enacted to read:

1480 **Part 2. Filing Requirements**

1481 **16-1a-201 . Definitions.**

1482 Reserved.

1483 Section 14. Section **16-1a-202** is enacted to read:

1484 **16-1a-202 . Entity filing requirements.**

- 1485 (1) In order for the division to file an entity filing in accordance with this chapter, the
1486 person delivering the entity filing to the division shall ensure that:
1487 (a) the division receives the entity filing;
1488 (b) the entity filing complies with this chapter;
1489 (c) the entity filing contains, at a minimum, the information required by this chapter;

- (d) subject to Subsection (2), the person delivers the entity filing to the division in written form unless the division allows the electronic delivery of an entity filing;
- (e) the words in the entity filing are in English;
- (f) the numbers in the entity filing are Arabic or Roman numerals;
- (g) if the name of the entity is not in English, the name of the entity appears in English letters or Arabic or Roman numerals;
- (h) if applicable, a certificate of existence or registration required of a foreign entity that is not in English with a reasonably authenticated English translation accompanies the entity filing;
- (i) an individual authorized or required under this chapter to sign the entity filing, or an individual acting on the authorized or required individual's behalf, signs the entity filing; and
- (j) the entity filing states the name and capacity, if any, of each individual who signs the entity filing.
- (2) A person physically delivering an entity filing in written form shall ensure the entity filing is typewritten, computer generated, or machine printed.
- (3) If other applicable law prohibits the division from disclosing information contained in an entity filing, the division shall:
- (a) file the entity filing if the entity filing otherwise complies with this chapter; and
- (b) redact the information prohibited by law from disclosure.
- (4) When a person delivers an entity filing to the division for filing, the person shall pay a fee required under this chapter and any other fee, tax, interest, or penalty required by statute in a manner the division and applicable statute permit.

Section 15. Section **16-1a-203** is enacted to read:

16-1a-203 . Forms.

- (1) The division may provide forms for an entity filing required or permitted under this chapter.
- (2) A person making an entity filing is not required to use a form the division provides as described in Subsection (1).

Section 16. Section **16-1a-204** is enacted to read:

16-1a-204 . Effective date and time of an entity filing.

Except as otherwise provided in this chapter, an entity filing is effective:

- (1) on the day and at the time the division files the entity filing;
- (2) on the day and at the time specified in the entity filing as the entity filing's effective

time, if the date and time specified in the entity filing is later than the time described in Subsection (1), which may not be more than 90 days after the day on which the division files the entity filing; and

- (3) if the entity filing specifies a delayed effective date but does not specify a time, at 12:01 a.m. on the day specified in the entity filing, which may not be more than 90 days after the day on which the division files the entity filing.

Section 17. Section **16-1a-205** is enacted to read:

16-1a-205 . Withdrawal of an entity filing before effectiveness.

- (1) Except as otherwise provided in this chapter, a person may withdraw an entity filing delivered to the division before the entity filing takes effect by delivering to the division for filing a statement of withdrawal.
- (2) A person creating and delivering to the division a statement of withdrawal shall ensure that:
- (a) subject to Subsection (2)(c), each person that signed the entity filing being withdrawn signs the statement of withdrawal;
- (b) the statement of withdrawal identifies the entity filing to be withdrawn; and
- (c) if the statement of withdrawal is signed by fewer than the total number of persons that signed the entity filing being withdrawn, the entity filing is withdrawn in accordance with the agreement of each person that signed the entity filing.
- (3) Once the division files the statement of withdrawal, the action or transaction evidenced by the original entity filing does not take effect.

Section 18. Section **16-1a-206** is enacted to read:

16-1a-206 . Correcting an entity filing.

- (1) A person may correct an entity filing if:
- (a) the entity filing, at the time of filing, was inaccurate;
- (b) the entity filing was defectively signed; or
- (c) the electronic transmission of the entity filing to the division was defective.
- (2) To correct an entity filing, a person, on behalf of which a person delivered an entity filing to the division for filing, shall deliver a statement of correction to the division for filing.
- (3) A statement of correction:
- (a) may not state a delayed effective date;
- (b) shall be signed by the person correcting the entity filing;
- (c) shall identify the entity filing to be corrected;

(d) shall specify the inaccuracy or defect the statement of correction will correct; and

(e) shall correct the inaccuracy or defect.

(4) Except as provided in Subsection (5), a statement of correction is effective on the effective date of the entity filing that the statement of correction corrects.

(5) If a person relies on the uncorrected entity filing and is adversely affected by the correction, the statement of correction is effective, as the statement of correction relates to the person, on the day on which the statement of correction is filed.

Section 19. Section **16-1a-207** is enacted to read:

16-1a-207 . Duty of division to file -- Review of refusal to file.

(1) The division shall file an entity filing delivered to the division for filing in accordance with this chapter.

(2) The duty of the division described in Subsection (1) is ministerial.

(3) When the division files an entity filing, the division shall record the entity filing as filed on the date and time the division files the entity filing.

(4) After filing an entity filing, the division shall deliver to the person making the entity filing a copy of the entity filing with an acknowledgment of the date and time of the filing.

(5) If the division refuses to file an entity filing:

(a) no later than 15 business days after the day on which the person making the entity filing delivers the entity filing to the division, the division shall:

(i) return the entity filing to the person or notify the person of the refusal; and

(ii) provide a brief explanation of the division's reason for refusing to file the entity filing; and

(b) the person making the entity filing may within a time period the division specifies that may not exceed 30 days from the day on which the division provides notice under Subsection (5)(a) amend the entity filing for the division to reexamine the entity filing.

(6) If the division refuses to file an entity filing after a reexamination completed in accordance with Subsection (5)(b), the person making the entity filing may appeal the division's final refusal in accordance with Title 63G, Chapter 4, Administrative Procedures Act.

(7) The filing or refusal to file an entity filing does not:

(a) affect the validity or invalidity of the entity filing in whole or in part; or

(b) create a presumption that the information contained in the entity filing is correct or

incorrect.

- (8) A certification from the division accompanying a copy of a filed record is conclusive evidence that the copy is an accurate representation of the original record on file with the division.

Section 20. Section **16-1a-208** is enacted to read:

16-1a-208 . Signing of an entity filing.

- (1) An individual, by signing an entity filing, affirms under penalty of perjury that the facts stated in the filing are true in all material respects.
- (2) An agent may sign a record filed under this chapter.
- (3) If this chapter requires a particular individual to sign an entity filing and the individual is deceased or incompetent, a legal representative of the individual may sign the entity filing.
- (4) An individual that signs a record as an agent or legal representative shall affirm that the individual is authorized to sign the record.

Section 21. Section **16-1a-209** is enacted to read:

16-1a-209 . Signing and filing a record in accordance with a judicial order.

- (1) If a person required under this chapter to sign or deliver a record to the division for filing does not sign or deliver the record to the division for filing, a person adversely affected by the person's failure to sign or deliver the record may petition a court to require that:
- (a) the person sign the record;
- (b) the person deliver the record to the division for filing; or
- (c) the division file the record unsigned.
- (2) If a person that petitions a court under Subsection (1) is not the person to which the record pertains, the person that petitions the court shall make the person to which the record pertains a party to the action.
- (3) A record filed in accordance with Subsection (1)(c) is effective without being signed.

Section 22. Section **16-1a-210** is enacted to read:

16-1a-210 . Liability for inaccurate information in a filed record.

If a record delivered to the division for filing in accordance with this chapter and filed with the division contains inaccurate information, a person that suffers a loss by relying on the information may recover damages for the loss from the person that:

- (1) signed the record or caused another person to sign the record on the person's behalf; and
- (2) knew at the time the person signed the record that the information was inaccurate.

Section 23. Section **16-1a-211** is enacted to read:

16-1a-211 . Delivery by division.

Except as otherwise provided in this chapter, the division may deliver a record to a person:

- (1) in person to the person that submitted the record for filing;
- (2) to the address of the person's registered agent;
- (3) to the person's principal office address; or
- (4) to another address the person provides to the division for delivery.

Section 24. Section **16-1a-212** is enacted to read:

16-1a-212 . Annual report for division.

- (1) As used in this section, "anniversary month" means the calendar month in which:
 - (a) a domestic filing entity's formation becomes effective with the division; or
 - (b) a registered foreign entity's application for authority to conduct affairs in this state takes effect.
- (2) Each domestic filing entity and registered foreign entity shall file an annual report with the division that includes:
 - (a) the corporate name of the domestic filing entity or registered foreign entity;
 - (b) if a registered foreign entity, any assumed corporate name of the registered foreign entity;
 - (c) the jurisdiction under which law the domestic filing entity or registered foreign entity is organized or incorporated;
 - (d) the information required by Subsection 16-1a-404(1);
 - (e) the street address of the domestic filing entity's or the registered foreign entity's principal office; and
 - (f) the name and address of each director and principal officer of the domestic filing entity or the registered foreign entity.
- (3) The division shall:
 - (a) determine the form and process by which a domestic filing entity or registered foreign entity is required to file an annual report; and
 - (b) deliver a copy of the form described in Subsection (3)(a) to each domestic filing entity and registered foreign entity.
- (4) The domestic filing entity or registered foreign entity shall ensure that information in the annual report is current as of the date the domestic filing entity or registered foreign entity executes the report.

- (5)(a) Unless the division specifies a different time period by rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, a domestic filing entity or registered foreign entity:
- (i) shall deliver an annual report to the division each calendar year on the last day of the anniversary month; and
 - (ii) may deliver the annual report up to 60 days before the last day of the anniversary month.
- (b) A domestic filing entity or registered foreign entity shall deliver to the division an annual report each calendar year following the year in which the domestic filing entity or registered foreign entity delivers the first annual report to the division, no sooner than January 1, and no later than May 1, unless the division specifies a different time period by rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.
- (c) A domestic filing entity or registered foreign entity does not violate the requirement to submit an annual report if the domestic filing entity or registered foreign entity provides evidence of the submission.
- (6) If an annual report contains the information required by this section, the division shall file the annual report.
- (7) The fact that an individual's name is signed on an annual report form is prima facie evidence for division purposes that the individual is authorized to certify the report on behalf of the domestic filing entity or registered foreign entity.
- (8) The division may design the annual report form the division prescribes to provide a simplified certification by the domestic filing entity or registered foreign entity if the domestic filing entity or registered foreign entity has not made changes to the required information from the last preceding report filed.
- (9) If an annual report contains the name or address of a registered agent that differs from the information contained in the records of the division immediately before the annual report becomes effective, the differing information in the annual report is considered a statement of change under Section 16-1a-407.

Section 25. Section **16-1a-301** is enacted to read:

Part 3. Names

16-1a-301 . Definitions.

Reserved.

Section 26. Section **16-1a-302** is enacted to read:

16-1a-302 . Permitted names.

- (1) Except as provided in Subsection (4) or (5), the name of a domestic filing entity, the name under which a foreign entity may register to do business in this state, and a D.B.A. registered under Title 42, Chapter 2, Conducting Business as a D.B.A., shall be distinguishable on the records of the division from a:
- (a) name of an existing domestic filing entity that at the time is not dissolved;
 - (b) name under which a foreign entity is registered to do business in this state under Section 16-1a-503;
 - (c) D.B.A. registered under Title 42, Chapter 2, Conducting Business as a D.B.A.;
 - (d) name reserved under Section 16-1a-304; or
 - (e) name registered under Section 16-1a-305.
- (2) If an entity consents in a record to allow a person to register using the entity's name and submits an undertaking in a form the division approves to change the entity's name to a name that is distinguishable from a name described in Subsection (1), the person may use the name of the consenting entity.
- (3) Except as otherwise provided in Subsection (5), a name is distinguishable from other names registered with the division if the name contains one or more different words, letters, or numerals from other names in the division's records.
- (4) The following differences do not qualify as distinguishing between two names:
- (a) the term:
 - (i) "Assoc.";
 - (ii) "association";
 - (iii) "Assn.";
 - (iv) "B.L.C.";
 - (v) "B.L.L.C";
 - (vi) "benefit limited company";
 - (vii) "benefit limited liability company";
 - (viii) "BLC";
 - (ix) "BLLC";
 - (x) "Co.";
 - (xi) "company";
 - (xii) "co-op";
 - (xiii) "coop";
 - (xiv) "cooperative";

1728 (xv) "corp.";
1729 (xvi) "corporation";
1730 (xvii) "D.A.O";
1731 (xviii) "DAO";
1732 (xix) "decentralized autonomous organization";
1733 (xx) "Inc.";
1734 (xxi) "incorporated";
1735 (xxii) "LC";
1736 (xxiii) "L.C.";
1737 (xxiv) "L.C.A.";
1738 (xxv) "L.D.";
1739 (xxvi) "L.DAO";
1740 (xxvii) "L.L.C.";
1741 (xxviii) "L.L.D.";
1742 (xxix) "L.L.DAO";
1743 (xxx) "L.L.P";
1744 (xxxi) "L.P.";
1745 (xxxii) "LCA";
1746 (xxxiii) "limited";
1747 (xxxiv) "Limited Co";
1748 (xxxv) "limited company";
1749 (xxxvi) "limited cooperative association";
1750 (xxxvii) "limited decentralized autonomous organization";
1751 (xxxviii) "limited liability company";
1752 (xxxix) "limited liability decentralized autonomous organization";
1753 (xl) "limited liability partnership";
1754 (xli) "limited partnership";
1755 (xlii) "LD";
1756 (xliii) "LLC";
1757 (xliv) "LLD";
1758 (xlv) "LLDAO";
1759 (xlvi) "LLP";
1760 (xlvii) "LP";
1761 (xlviii) "Ltd.";

- 1762 (xlix) "Ltd Co";
- 1763 (l) "Ltd Company";
- 1764 (li) "Ltd DAO";
- 1765 (lii) "Ltd Liability Co";
- 1766 (liii) "Ltd Liability Company";
- 1767 (liv) "Ltd Liability DAO";
- 1768 (lv) "P.A.";
- 1769 (lvi) "P.C.";
- 1770 (lvii) "P.L.C.";
- 1771 (lviii) "P.L.L.C";
- 1772 (lix) "PA";
- 1773 (lx) "PC";
- 1774 (lxi) "PLC";
- 1775 (lxii) "PLLC";
- 1776 (lxiii) "professional association";
- 1777 (lxiv) "professional corporation";
- 1778 (lxv) "professional limited liability company";
- 1779 (lxvi) "R.L.L.P.";
- 1780 (lxvii) "registered limited liability partnership"; or
- 1781 (lxviii) "RLLP";
- 1782 (b) an abbreviation of a word listed in Subsection (4)(a);
- 1783 (c) the presence or absence of the words or symbols of the words:
- 1784 (i) "the";
- 1785 (ii) "and";
- 1786 (iii) "a"; or
- 1787 (iv) "plus";
- 1788 (d) a difference in punctuation or special characters;
- 1789 (e) a difference in capitalization; and
- 1790 (f) for a name described in Subsection (4)(a) or (b) that formed in this state on or after
- 1791 May 4, 1998:
- 1792 (i) an abbreviation of a word or phrase; or
- 1793 (ii) a difference in the singular or plural form of a word.
- 1794 (5)(a) An entity may consent in a record to a person's use of a name that is not
- 1795 distinguishable on the records of the division from the entity's name if the name

includes a term described in Subsection (4)(a).

(b) If an entity consents to a person's use of a name in accordance with Subsection (5)(a), the entity is not required under Subsection (2) to change the entity's name.

(6) An entity's name shall comply with Section 7-1-701.

(7) An entity's name may not contain the words:

(a) without the consent of the United States Olympic Committee:

(i) "Olympic";

(ii) "Olympiad"; or

(iii) "Citius Altius Fortius";

(b) for an entity's name described in Subsection (1) that an entity changes or forms on or after May 4, 2022, the number sequence "911"; or

(c) without the consent of the Department of Financial Institutions, the words described in Section 7-1-701.

(8) An entity may use a name that is not distinguishable from a name described in Subsection (1) if the entity delivers to the division for filing a certified copy of a final judgment of a court with jurisdiction establishing the right of the entity to use the name in this state.

(9) The division may not approve for filing a name that implies that an entity is an agency of this state or any of the state's political subdivisions, if the entity is not actually an agency of this state or any of the state's political subdivisions.

Section 27. Section **16-1a-303** is enacted to read:

16-1a-303 . Name requirements for certain types of entities.

(1) The corporate name of a nonprofit organization:

(a) may, but is not required to contain:

(i) the word:

(A) "corporation";

(B) "incorporated";

(C) "company"; or

(D) a word of similar import in another language; or

(ii) the abbreviation:

(A) "Corp.";

(B) "Inc.";

(C) "Co."; or

(D) an abbreviation of similar import in another language; and

(b) may not contain a word or phrase that indicates or implies that the nonprofit corporation is organized for a purpose other than a purpose permitted by:

(i) Section 16-6a-301; and

(ii) the nonprofit corporation's articles of incorporation.

(2)(a) The name of a corporation shall contain:

(i) the word:

(A) "corporation";

(B) "incorporated";

(C) "company"; or

(D) a word of similar import in another language;

(ii) the abbreviation:

(A) "Corp.";

(B) "Inc.";

(C) "Co."; or

(D) an abbreviation of similar import in another language; and

(iii) for a business corporation, may not contain language stating or implying that a business corporation is organized for a purpose other than a purpose permitted by:

(A) Section 16-10a-301; and

(B) the business corporation's articles of incorporation.

(b) The name of a corporation or a foreign corporation may not contain:

(i) the term:

(A) "limited liability company";

(B) "limited company";

(C) "limited liability partnership";

(D) "limited partnership"; or

(E) "limited liability limited partnership"; or

(ii) any word or abbreviation of similar import to a term listed in Subsection (2)(b)(i).

(c) The name of an entity, other than a corporation formed in accordance with this title or a foreign entity authorized to transact business in this state may not contain:

(i) the term:

(A) "Corp.";

(B) "corporation";

(C) "Inc."; or

(D) "incorporated"; or

- 1864 (ii) a word or abbreviation of similar import to a term listed in Subsection (2)(c)(i).
- 1865 (3)(a) The name of a limited partnership may contain the name of a partner.
- 1866 (b) The name of a limited partnership that is not a limited liability limited partnership:
- 1867 (i) shall contain:
- 1868 (A) the phrase "limited partnership"; or
- 1869 (B) the abbreviation "L.P." or "LP"; and
- 1870 (ii) may not contain:
- 1871 (A) the phrase "limited liability limited partnership" or "registered limited liability
- 1872 limited partnership"; or
- 1873 (B) the abbreviation "L.L.L.P.," "LLLP," "R.L.L.L.P.," or "RLLLP."
- 1874 (c) The name of a limited partnership that is a limited liability limited partnership:
- 1875 (i) shall contain:
- 1876 (A) the phrase "limited liability limited partnership"; or
- 1877 (B) the abbreviation "L.L.L.P.," "LLLP," "R.L.L.L.P.," or "RLLLP"; and
- 1878 (ii) may not contain the abbreviation "L.P." or "LP."
- 1879 (d) The name of a limited partnership or a limited liability limited partnership or the
- 1880 name of a foreign limited partnership or a foreign limited liability limited partnership
- 1881 that registers to do business in this state may not contain:
- 1882 (i) the term:
- 1883 (A) "association";
- 1884 (B) "corporation";
- 1885 (C) "incorporated";
- 1886 (D) "limited liability company"; or
- 1887 (E) "limited company"; or
- 1888 (ii) a word or abbreviation that is of similar import to a term listed in Subsection
- 1889 (3)(d)(i).
- 1890 (e) The name of an entity other than a limited partnership or a limited liability limited
- 1891 partnership or the name of a foreign limited partnership or a foreign limited liability
- 1892 partnership that registers to do business in this state may not contain:
- 1893 (i) the term:
- 1894 (A) "limited partnership";
- 1895 (B) "LP";
- 1896 (C) "L.P.";
- 1897 (D) "limited liability partnership";

- 1898 (E) "LLLP"; or
- 1899 (F) "L.L.L.P."; or
- 1900 (ii) a word or abbreviation that is of similar import to a term listed in Subsection
- 1901 (3)(e)(i).
- 1902 (4)(a) The name of a limited liability partnership shall contain:
- 1903 (i) the phrase "limited liability partnership" or "registered limited liability
- 1904 partnership"; or
- 1905 (ii) the abbreviation "L.L.P.," "R.L.L.P.," "LLP," or "RLLP."
- 1906 (b) The name of a limited liability partnership or a foreign limited liability partnership
- 1907 may not contain:
- 1908 (i) the term:
- 1909 (A) "association";
- 1910 (B) "corporation";
- 1911 (C) "incorporated";
- 1912 (D) "limited liability company";
- 1913 (E) "limited company";
- 1914 (F) "limited partnership"; or
- 1915 (G) "Ltd."; or
- 1916 (ii) a word or abbreviation that is of similar import to a term listed in Subsection
- 1917 (4)(b)(i).
- 1918 (c) The name of an entity other than a limited liability partnership or the name of a
- 1919 foreign limited liability partnership that registers to do business in this state may not
- 1920 contain:
- 1921 (i) the term:
- 1922 (A) "limited liability partnership";
- 1923 (B) "LLP"; or
- 1924 (C) "L.L.P."; or
- 1925 (ii) a word or abbreviation that is of similar import to Subsection (4)(c)(i).
- 1926 (5)(a) The name of a limited liability company shall contain:
- 1927 (i) the phrase "limited liability company" or "limited company"; or
- 1928 (ii) the abbreviation "L.L.C.," "LLC," "L.C.," or "LC."
- 1929 (b) A limited liability company's name may abbreviate the term:
- 1930 (i) "limited" as "Ltd."; and
- 1931 (ii) "company" as "Co."

(c) The name of a limited liability company or a foreign limited liability company may not contain:

(i) the term:

(A) "association";

(B) "corporation";

(C) "incorporated";

(D) "partnership";

(E) "limited partnership"; or

(F) "L.P."; or

(ii) a word or abbreviation that is of similar import to a term listed in Subsection

(5)(c)(i).

(d) The name of an entity other than a limited liability company or the name of a foreign limited liability company authorized to do business in this state may not contain:

(i) the term:

(A) "limited liability company";

(B) "limited company";

(C) "L.L.C.";

(D) "L.C.";

(E) "LLC"; or

(F) "LC"; or

(ii) a word or abbreviation that is of similar import to a term listed in Subsection

(5)(d)(i).

(6)(a) The name of a limited cooperative association shall contain:

(i) the phrase "limited cooperative association" or "limited cooperative"; or

(ii) the abbreviation "L.C.A." or "LCA."

(b) A limited cooperative association's name may abbreviate the term:

(i) "association" as:

(A) "Assn";

(B) "Assn.";

(C) "Assoc"; or

(D) "Assoc.";

(ii) "cooperative" as:

(A) "Co-op.";

(B) "Coop."; or

- 1966 (C) "Co-op"; and
 1967 (iii) "limited" as "Ltd."
 1968 (c) The name of entity other than a limited cooperative association may not contain:
 1969 (i) the term:
 1970 (A) "limited cooperative association";
 1971 (B) "L.C.A."; or
 1972 (C) "LCA"; or
 1973 (ii) a word or abbreviation that is of similar import to a term listed in Subsection
 1974 (6)(c)(i).
 1975 (7)(a) The name of a professional corporation as set forth in the professional
 1976 corporation's articles of incorporation:
 1977 (i) shall contain the terms:
 1978 (A) "professional corporation"; or
 1979 (B) "P.C.";
 1980 (ii) may not contain the words:
 1981 (A) "incorporated"; or
 1982 (B) "Inc."; and
 1983 (iii) may not contain:
 1984 (A) language stating or implying that the professional corporation is organized for
 1985 a purpose other than that permitted by Section 16-11-6 and the professional
 1986 corporation's articles of incorporation; or
 1987 (B) for a professional corporation that changes the professional corporation's name
 1988 or is incorporated in or authorized to do business in the state on or after May 4,
 1989 2022, the number sequence "911."
 1990 (b) A person, other than a professional corporation formed or registered in accordance
 1991 with this title, may not use in the person's name in this state the term:
 1992 (i) "professional corporation"; or
 1993 (ii) "P.C."
 1994 (8)(a) The name of a benefit company may contain:
 1995 (i) the term:
 1996 (A) "benefit limited liability company";
 1997 (B) "benefit limited company"; or
 1998 (C) "benefit company"; or
 1999 (ii) the abbreviation:

- 2000 (A) "B.L.L.C.";
2001 (B) "BLLC";
2002 (C) "B.L.C."; or
2003 (D) "BLC."
- 2004 (b) When contained in the name of a benefit company, the term:
2005 (i) "limited" may be abbreviated as "Ltd."; and
2006 (ii) "company" may be abbreviated as "Co."
- 2007 (9)(a) The name of a limited liability decentralized autonomous organization shall
2008 contain:
2009 (i) the term:
2010 (A) "limited liability decentralized autonomous organization"; or
2011 (B) "limited decentralized autonomous organization"; or
2012 (ii) the abbreviation:
2013 (A) "L.L.D.";
2014 (B) "LLD";
2015 (C) "L.D."; or
2016 (D) "LD."
- 2017 (b) In the name of a decentralized autonomous organization:
2018 (i) "limited" may be abbreviated as "Ltd."; and
2019 (ii) "decentralized autonomous organization" may be abbreviated as "DAO."
- 2020 (c) The name of a decentralized autonomous organization may not contain:
2021 (i) the term:
2022 (A) "association";
2023 (B) "corporation";
2024 (C) "incorporated";
2025 (D) "partnership";
2026 (E) "limited liability company";
2027 (F) "limited partnership"; or
2028 (G) "L.P."; or
2029 (ii) a word or abbreviation that is of similar import to the terms listed in Subsection
2030 (9)(c)(i).
- 2031 (d) A person, other than a decentralized autonomous organization formed or registered
2032 in accordance with this title, may not use in the person's name in this state:
2033 (i) the term:

(A) "limited liability decentralized autonomous organization"; or

(B) "limited decentralized autonomous organization"; or

(ii) the abbreviation:

(A) "L.L.DAO";

(B) "L.L.D.";

(C) "L.DAO"; or

(D) "L.D."

(10)(a) The words, "business trust" shall be the last words of the name of every business trust registered under Chapter 15, Utah Business Trust Registration Act.

(b) A person that participates in the omission of the words "business trust" in the commercial use of the name of the business trust, or knowingly acquiesces in the omission is liable for any indebtedness, damage, or liability resulting from the omission.

Section 28. Section **16-1a-304** is enacted to read:

16-1a-304 . Reservation of name.

(1) A person may reserve the exclusive use of an entity name by delivering an application to the division for filing that states:

(a) the name and address of the applicant; and

(b) the name to reserve.

(2) If the division determines that the entity name stated in the application described in Subsection (1) is available, the division shall reserve the name for the applicant's exclusive use for 120 calendar days after the day on which the division reserves the name.

(3) A person that reserves a name in accordance with this section may transfer the reserved name to another person by delivering to the division a signed notice in a record of the transfer that states the name and address of the transferee.

Section 29. Section **16-1a-305** is enacted to read:

16-1a-305 . Registration of name.

(1) A foreign filing entity not registered to do business in this state may register the foreign filing entity's name, or an alternate name adopted in accordance with Section 16-1a-507, if the name complies with Section 16-1a-302.

(2) To register a name or an alternate name adopted in accordance with Section 16-1a-507, a foreign filing entity shall deliver to the division for filing an application that states:

(a) the foreign filing entity's requested name;

(b) the jurisdiction and date of the foreign filing entity's formation; and

(c) any alternate name adopted in accordance with Section 16-1a-507.

(3) If the division finds that the name requested in Subsection (2) is available, the division shall register the name for the applicant's exclusive use.

(4) The registration of a name under this section is effective for one year after the day on which the division registers the name as described in Subsection (3).

(5)(a) A foreign filing entity whose name registration is effective may renew the registration for a successive one-year period by delivering, not earlier than three months before the day on which the registration expires, to the division for filing a renewal application that complies with this section.

(b) A renewal application renews the name's registration for one calendar year after the day on which the division files the renewal application described in this Subsection (5).

(6) A foreign filing entity whose name registration is effective may register as a foreign filing entity under the registered name or consent in a signed record to the use of the registered name by another entity.

Section 30. Section **16-1a-401** is enacted to read:

Part 4. Registered Agent of an Entity

16-1a-401 . Definitions.

Reserved.

Section 31. Section **16-1a-402** is enacted to read:

16-1a-402 . Entities required to designate and maintain a registered agent.

The following entities shall designate and maintain a registered agent in this state:

(1) a domestic filing entity;

(2) a registered foreign entity; and

(3) a D.B.A.

Section 32. Section **16-1a-403** is enacted to read:

16-1a-403 . Address in filing.

If a provision in this chapter, other than Section 16-1a-410, requires that a record state an address, the record shall state:

(1) a street address in this state; and

(2) a mailing address in this state, if different from the address described in Subsection (1).

Section 33. Section **16-1a-404** is enacted to read:

16-1a-404 . Designation of a registered agent.

- (1) A represented entity shall sign a registered agent filing and include in the registered agent filing:
- (a) the name of the represented entity's commercial registered agent; or
- (b) if the represented entity does not have a commercial registered agent:
- (i) the name and address of the represented entity's noncommercial registered agent;
- or
- (ii)(A) the title of an office or other position within the represented entity where an individual holding that office or position may accept service of process, notice, or demand may accept service on behalf of the represented entity; and
- (B) the mailing address of the title or other position described in Subsection (1)(b)(ii)(A).
- (2) A represented entity, by designating a registered agent in accordance with Subsection (1)(a) or (1)(b), affirms that the designated registered agent consents to serve as a registered agent.
- (3)(a) As soon as practicable, the division shall make available in a record a daily list of filings that contain the name of each registered agent.
- (b) The division shall ensure that the list described in Subsection (3)(a):
- (i) is available for at least 14 calendar days after the day on which the division makes the list available;
- (ii) lists, in alphabetical order, the names of the registered agents; and
- (iii) states the type of filing and name of the represented entity making the filing.
- Section 34. Section **16-1a-405** is enacted to read:
- 16-1a-405 . Listing of a commercial registered agent.**
- (1) A person may become listed as a commercial registered agent by delivering to the division for filing a commercial registered agent listing statement that states:
- (a)(i) the name of the individual applying to become a commercial registered agent; or
- (ii)(A) the name of the entity applying to become a commercial registered agent;
- (B) the type of entity applying to become a commercial registered agent; and
- (C) the jurisdiction in which the entity formed;
- (b) that the person serves as a commercial registered agent in this state; and
- (c) the person's physical address for the person's place of business where the person may receive service of process, notices, or demands sent to an entity represented by the person.
- (2) A commercial registered agent listing statement may include information regarding the

agent accepting service of process, notices, and demands in a form other than a written record.

(3) If the name of the person delivering the record to the division for filing a commercial registered agent listing statement is not distinguishable on the records of the division from the name of another commercial registered agent listed under this section, the person delivering the record shall:

(a) adopt a fictitious name that is distinguishable from the name of another commercial registered agent under this section; and

(b) use the fictitious name in the person's statement and when the person does business in this state as a commercial registered agent.

(4)(a) The division shall note the filing of a commercial registered agent listing statement in the records maintained by the division for each entity represented by the commercial registered agent at the time of the filing.

(b) A commercial registered agent listing statement described in Subsection (4)(a) amends the registered agent filing for each entity represented by a commercial registered agent by:

(i) designating the person becoming listed as a commercial registered agent as the commercial registered agent of each entity; and

(ii) deleting the name and address of the former commercial registered agent from the registered agent filing of each entity.

Section 35. Section **16-1a-406** is enacted to read:

16-1a-406 . Termination of listing of a commercial registered agent.

(1) A commercial registered agent may terminate the commercial registered agent's listing as a commercial registered agent by delivering to the division for filing a commercial registered agent termination statement signed by the commercial registered agent that states:

(a) the name of the commercial registered agent described in Section 16-1a-405; and

(b) that the agent no longer conducts the business of serving as a commercial registered agent in this state.

(2) A commercial registered agent termination statement takes effect at 12:01 a.m. 31 days after the day on which the division files the commercial registered agent termination statement.

(3) The commercial registered agent shall promptly furnish to each entity the commercial registered agent represents a notice of the filing of the commercial registered agent

2170 termination statement.

2171 (4) When a commercial registered agent termination statement takes effect, the commercial
2172 registered agent ceases to be the commercial registered agent for each entity the
2173 commercial registered agent formerly represented.

2174 (5) Notwithstanding Subsection (4), a person may deliver service of process to a
2175 commercial registered agent after the commercial registered agent termination takes
2176 effect, until an entity formerly represented by the commercial registered agent
2177 designates a new commercial registered agent.

2178 (6) A commercial registered agent terminating the commercial registered agent's listing
2179 under this section does not affect a contractual right that:

2180 (a) a represented entity has against the commercial registered agent; or

2181 (b) a commercial registered agent has against a represented entity.

2182 Section 36. Section **16-1a-407** is enacted to read:

2183 **16-1a-407 . Change of registered agent by a represented entity.**

2184 (1) A represented entity may change the information the division has on file under Section
2185 16-1a-404 by delivering to the division for filing a statement of change signed by the
2186 represented entity that states:

2187 (a) the name of the new registered agent; and

2188 (b) the information that the filing of the statement of change will amend.

2189 (2) The interest holders or governors of a domestic entity are not required to approve the
2190 filing of:

2191 (a) a statement of change under this section; or

2192 (b) a similar filing changing the registered agent or registered office, if applicable, of the
2193 entity in another jurisdiction.

2194 (3) A statement of change filed under this section that designates a new registered agent is
2195 an affirmation of fact by the registered entity that the new registered agent consents to
2196 serve as the registered entity's new registered agent.

2197 (4) In addition to the process described in Subsection (1), a represented entity may change
2198 the information the division has on file under Section 16-1a-404 by amending the
2199 represented entity's most recent registered agent filing in a manner provided by law.

2200 Section 37. Section **16-1a-408** is enacted to read:

2201 **16-1a-408 . Change of name or address by a noncommercial registered agent.**

2202 (1) If a noncommercial registered agent changes the noncommercial registered agent's name
2203 or address with respect to a represented entity, the noncommercial registered agent shall

2204 deliver to the division for filing, with respect to each entity the noncommercial
2205 registered agent represents, a statement of change signed by the agent that states:

2206 (a) the name of the represented entity;

2207 (b) the name and address of the noncommercial registered agent in effect with respect to
2208 the entity;

2209 (c) if the noncommercial registered agent changes the noncommercial registered agent's
2210 name, the new name; and

2211 (d) if the noncommercial registered agent changes the noncommercial registered agent's
2212 address, the new address.

2213 (2) A noncommercial registered agent shall promptly furnish to the represented entity:

2214 (a) a notice of the delivery to the division for filing a statement of change; and

2215 (b) each change made in the statement of change.

2216 Section 38. Section **16-1a-409** is enacted to read:

2217 **16-1a-409 . Change of name, address, type of entity, or jurisdiction of formation**
2218 **by a commercial registered agent.**

2219 (1) If a commercial registered agent changes the commercial registered agent's name,
2220 address as listed under Section 16-1a-405, type of entity, or jurisdiction of formation, the
2221 commercial registered agent shall deliver to the division for filing a statement of change
2222 signed by the commercial registered agent that states:

2223 (a) the name of the commercial registered agent the commercial registered agent
2224 provided to the division in accordance with Section 16-1a-405;

2225 (b) if the commercial registered agent changes the commercial registered agent's name,
2226 the new name;

2227 (c) if the commercial registered agent changes the commercial registered agent's address,
2228 the new address; and

2229 (d) if the commercial registered agent is an entity:

2230 (i) if the commercial registered agent changes the commercial registered entity's type
2231 of entity, the new type of entity; and

2232 (ii) if the commercial registered agent changes the commercial registered entity's
2233 jurisdiction of formation, the new jurisdiction of formation.

2234 (2) The filing of a statement of change described in Subsection (1) by the division changes
2235 the information regarding the commercial registered agent with respect to each entity the
2236 commercial registered agent represents.

2237 (3) A commercial registered agent shall promptly furnish to each entity that the commercial

2238 registered agent represents a notice of the statement of change that describes the changes
2239 made in the statement of change.

2240 (4)(a) If a commercial registered agent changes the commercial registered agent's
2241 address without delivering for filing a statement of change as required by this section,
2242 the division may cancel the listing of the agent under Section 16-1a-405.

2243 (b) If the division cancels the listing of an agent as described in this Subsection (4), the
2244 division's cancellation has the same effect as a termination of a listing of a
2245 commercial registered agent under Section 16-1a-406.

2246 (c) After canceling the listing of an commercial registered agent, the division shall serve
2247 notice in a record on:

2248 (i)(A) each entity that the commercial registered agent represents, stating that the
2249 commercial registered agent is no longer the registered agent for the entity; and

2250 (B) until the entity designates a new commercial registered agent, a person may
2251 make service of process on the entity; and

2252 (ii) the commercial registered agent, stating that the division has canceled the listing
2253 of the commercial registered agent in accordance with this section.

2254 Section 39. Section **16-1a-410** is enacted to read:

2255 **16-1a-410 . Resignation of a registered agent.**

2256 (1) A registered agent may resign as the registered agent for a represented entity by
2257 delivering to the division for filing a statement of resignation signed by the registered
2258 agent that states:

2259 (a) the name of the represented entity;

2260 (b) the name of the registered agent;

2261 (c) that the registered agent resigned from serving as the registered agent for the
2262 represented entity; and

2263 (d) the address of the represented entity to which the agent will send the notice required
2264 by Subsection (3).

2265 (2) A statement of resignation takes effect on the earlier of:

2266 (a) 12:01 a.m. on the 31st day after the day on which the division files the statement of
2267 resignation; or

2268 (b) the represented entity for which the statement of resignation applies designates a new
2269 registered agent.

2270 (3) A registered agent shall promptly furnish to the represented entity notice in a record of
2271 the date on which the division files the statement of resignation.

(4) When a statement of resignation takes effect, the person that resigned ceases to have responsibility under this chapter for any matter presented to the person for the represented entity.

(5) Notwithstanding Subsection (4), a statement of resignation does not affect any contractual rights:

(a) a represented entity has against the registered agent; or

(b) the registered agent has against the represented entity.

(6) A registered agent may resign in accordance with this section regardless of whether the represented entity is current with the division.

Section 40. Section **16-1a-411** is enacted to read:

16-1a-411 . Designation of a registered agent by a nonregistered foreign entity or a nonfiling domestic entity.

(1) A nonregistered foreign entity or a nonfiling domestic entity may deliver to the division for filing a statement that designates a registered agent signed by the nonregistered foreign entity or the nonfiling domestic entity that states:

(a) the name, type of entity, and jurisdiction of formation of the nonregistered foreign entity or the nonfiling domestic entity; and

(b) the information required by Subsection 16-1a-404(1).

(2) A statement described in Subsection (1) is effective for five years after the day on which the division files the statement, unless the nonregistered foreign entity or the nonfiling domestic entity cancels the statement earlier.

(3)(a) A person authorized to manage the affairs of the nonregistered foreign entity or the domestic nonfiling entity shall sign the statement described in Subsection (1).

(b) By signing the statement in Subsection (1), the person signing affirms that:

(i) the person is authorized to manage the affairs of the nonregistered foreign entity or the nonfiling domestic entity; and

(ii) the registered agent consents to serve as the registered agent for the nonregistered foreign entity or the nonfiling domestic entity.

(4) The designation of a registered agent in accordance with Subsection (1) does not register a nonregistered foreign entity to do business in this state.

(5) The division may not reject a statement described in Subsection (1) for filing because the name of the nonregistered foreign entity or the nonfiling domestic entity is not distinguishable on the division's records from the name of another entity that appears on the division's records.

- (6) The division filing a statement described in Subsection (1) does not make the name of the nonregistered foreign entity or the nonfiling domestic entity signing the statement available for use by another entity.
- (7) A nonregistered foreign entity or a nonfiling domestic entity that delivers to the division for filing a statement described in Subsection (1) may cancel the statement by delivering to the division for filing a statement of cancellation that states:
- (a) the name of the nonregistered foreign entity or the nonfiling domestic entity; and
- (b) that the nonregistered foreign entity or the nonfiling domestic entity cancels the nonregistered foreign entity's or the nonfiling domestic entity's designation as a registered agent in this state.
- (8) A statement described in Subsection (1) for a nonregistered foreign entity terminates on the day on which the nonregistered foreign entity becomes a registered foreign entity.

Section 41. Section **16-1a-412** is enacted to read:

16-1a-412 . Service of process, notice, or demand on entity.

- (1) A person may serve a represented entity with any process, notice, or demand required or permitted by law by serving the represented entity's registered agent.
- (2)(a) If a represented entity ceases to have a registered agent, or if a person cannot with reasonable diligence serve the represented entity's registered agent, the person may serve the registered entity by:
- (i) registered or certified mail, return receipt requested; or
- (ii) a similar commercial delivery service, addressed to the registered entity at the registered entity's principal office.
- (b) A domestic filing entity or a registered foreign entity shall list the domestic filing entity's or the registered foreign entity's address in the domestic filing entity's or the registered foreign entity's most recent annual report that the division files.
- (c) Service is considered effective under this Subsection (2) on the earlier of:
- (i) the day on which the represented entity receives the mail or delivery by the commercial delivery service;
- (ii) the day shown on the return receipt, if the represented entity signs a return receipt; or
- (iii) five days after the day on which the person serving the represented entity provides the process, notice, or demand the person intends to serve on the represented entity to the United States Postal Service or commercial delivery service, if the person provides to the United States Postal Service or commercial

2340 delivery service:

2341 (A) the correct address for the represented entity; and

2342 (B) sufficient postage and payment.

2343 (3) If a person cannot serve a process, notice, or demand to a represented entity in
2344 accordance with Subsection (1) or (2), the person may make service by delivering the
2345 process, notice, or demand to the individual in charge of any regular place of business or
2346 activity of the represented entity if the individual whom the person serves is not also a
2347 party to the action.

2348 (4)(a) Except as provided in Subsection (4)(b), a person shall serve a represented entity
2349 process, notice, or demand in a written record.

2350 (b) A person may service process, notice, or demand on a commercial registered agent in
2351 a form other than a written record, subject to the requirements the commercial
2352 registered agent sets in accordance with Section 16-1a-405.

2353 Section 42. Section **16-1a-413** is enacted to read:

2354 **16-1a-413 . Duties of a registered agent.**

2355 A registered agent that complies with this part shall:

2356 (1) forward to the represented entity at the address the represented entity most recently
2357 provides to the registered agent any process, notice, or demand that pertains to the
2358 represented entity that the registered agent receives or a person serves on the agent;

2359 (2) provide each notice required by this part to the represented entity at the address the
2360 represented entity most recently provides to the registered agent;

2361 (3) if the registered agent is a noncommercial registered agent, keep current the information
2362 required by Subsection 16-1a-404(1) in the most recent registered agent filing for the
2363 registered entity; and

2364 (4) if the registered agent is a commercial registered agent, keep current the information
2365 listed in Subsection 16-1a-405(1).

2366 Section 43. Section **16-1a-414** is enacted to read:

2367 **16-1a-414 . Jurisdiction and venue.**

2368 (1) A represented entity designating or maintaining a registered agent in this state does not
2369 create a basis for personal jurisdiction over the represented entity in this state.

2370 (2) The address of a represented entity's registered agent does not determine venue in an
2371 action or proceeding involving the represented entity.

2372 Section 44. Section **16-1a-501** is enacted to read:

2373 **Part 5. Foreign Entities**

16-1a-501 . Definitions.

Reserved.

Section 45. Section **16-1a-502** is enacted to read:

16-1a-502 . Governing law.

- (1) The law of the jurisdiction of formation of an entity governs:
- (a) the internal affairs of the entity;
- (b) the liability of a person as an interest holder or governor for a debt, obligation, or other liability of the entity; and
- (c) the liability of a series of a limited liability company or other unincorporated entity.
- (2) A difference between the law of an entity's jurisdiction of formation and the law of this state does not preclude a foreign entity from registering to do business in this state.
- (3) A foreign entity registering to do business in this state does not authorize the foreign entity to engage in an activity or affair or exercise a power in which a domestic entity of the same type may not engage in this state.
- (4) Subsections (1) and (2) apply regardless of whether a foreign entity fails to register to do business in this state in accordance with Section 16-1a-503.

Section 46. Section **16-1a-503** is enacted to read:

16-1a-503 . Registration to do business in this state.

- (1) A filing foreign entity may not do business in this state until the filing foreign entity registers with the division in accordance with this chapter.
- (2) A filing foreign entity doing business in this state may not maintain an action or proceeding in this state unless the filing foreign entity registers to do business in this state.
- (3) The failure of a filing foreign entity to register to do business in this state does not:
- (a) impair the validity of a contract or act of the filing foreign entity; or
- (b) preclude the filing foreign entity from defending an action or proceeding in this state.
- (4) A foreign unincorporated entity, a series of a foreign unincorporated entity, a filing foreign entity, or a foreign limited liability partnership does not waive the limitation on the liability of a series of a foreign unincorporated entity, an interest holder of a filing foreign entity, a governor of a filing foreign entity, or a partner of a foreign limited liability partnership because the foreign unincorporated entity, the series of a foreign unincorporated entity, the filing foreign entity, or the foreign limited liability partnership does business in this state without registering to do business in this state.

Section 47. Section **16-1a-504** is enacted to read:

16-1a-504 . Foreign registration statement.

- (1) To do business in this state, a filing foreign entity shall deliver a foreign registration statement to the division for filing.
- (2) A filing foreign entity shall sign the foreign registration statement described in Subsection (1) and include in the statement:
- (a) the name of the filing foreign entity;
 - (b) if the name of the filing foreign entity does not comply with Section 16-1a-302, an alternate name the filing foreign entity adopts in accordance with Section 16-1a-507;
 - (c) the filing foreign entity's type of entity;
 - (d) if the filing foreign entity is a foreign limited partnership, whether the foreign limited partnership is a foreign limited liability limited partnership;
 - (e) the filing foreign entity's or jurisdiction of formation;
 - (f) the filing foreign entity's street and mailing address for the filing foreign entity's principal office;
 - (g) if the law of the filing foreign entity's or jurisdiction of formation requires the filing foreign entity to maintain an office in the jurisdiction of formation, the street and mailing address of the office in the jurisdiction of formation; and
 - (h) the information required by Section 16-1a-305.

Section 48. Section **16-1a-505** is enacted to read:

16-1a-505 . Amending a foreign registration statement.

A registered foreign entity shall sign and deliver to the division for filing an amendment to the registered foreign entity's foreign registration statement if one of the following changes:

- (1) the registered foreign entity's name;
- (2) the registered foreign entity's jurisdiction of formation;
- (3) an address required by Section 16-1a-403; or
- (4) the information required by Section 16-1a-305.

Section 49. Section **16-1a-506** is enacted to read:

16-1a-506 . Activities that do not constitute doing business.

- (1) The following activities of a filing foreign entity do not constitute doing business in this state:
- (a) maintaining, defending, mediating, arbitrating, or settling an action or proceeding;
 - (b) carrying on an activity concerning the filing foreign entity's internal affairs, including holding meetings of the filing foreign entity's interest holders or governors;
 - (c) maintaining an account in a financial institution;

- (d) maintaining an office or an agency for the transfer, exchange, and registration of the filing foreign entity's or the foreign limited liability partnership's securities;
- (e) maintaining a trustee or a depository for the filing foreign entity's securities;
- (f) selling through an independent contractor;
- (g) soliciting or obtaining an order by any means if the order requires acceptance outside this state before the order becomes a contract;
- (h) creating or acquiring indebtedness, a mortgage, or a security interest in property;
- (i) securing or collecting a debt;
- (j) enforcing a mortgage or a security interest in a property;
- (k) holding, protecting, or maintaining property the filing foreign entity acquires by enforcing a mortgage or a security interest;
- (l) conducting an isolated transaction that is outside the scope of the filing foreign entity's ordinary course of business;
- (m) owning real property; and
- (n) doing business that constitutes interstate commerce.

- (2) A person does not do business in this state by being an interest holder or a governor of a foreign entity that does business in this state.
- (3) This section does not apply when determining whether the contacts or activities subject a filing foreign entity to service of process, taxation, or regulation under a law of this state outside of this chapter.

Section 50. Section **16-1a-507** is enacted to read:

16-1a-507 . Noncomplying name of a foreign entity.

- (1)(a) A filing foreign entity whose name does not comply with Section 16-1a-302 may not register to do business in this state until the filing foreign entity adopts, for the purpose of doing business in this state, an alternate name that complies with Section 16-1a-302.
- (b) A filing foreign entity that registers under an alternate name under this Subsection (1) is not required to comply with Title 42, Chapter 2, Conducting Business as a D.B.A.
- (2) After registering to do business in this state with an alternate name, a filing foreign entity described in Subsection (1) shall do business in this state under:
 - (a) the alternate name;
 - (b) the filing foreign entity's name, with the addition of the filing foreign entity's jurisdiction of formation; or
 - (c) a name Title 42, Chapter 2, Conducting Business as a D.B.A., authorizes the filing

foreign entity or to use.

- (3) If a filing foreign entity changes the filing foreign entity's name to a name that does not comply with Section 16-1a-302, the filing foreign entity may not do business in this state until the filing foreign entity complies with Subsection (1).

Section 51. Section **16-1a-508** is enacted to read:

16-1a-508 . Withdrawal of registration of registered foreign entity.

- (1) A registered foreign entity may withdraw the registered foreign entity's registration by delivering a statement of withdrawal to the division for filing.
- (2) A registered foreign entity shall sign the statement of withdrawal described in Subsection (1) and state on the statement of withdrawal:
- (a) the registered foreign entity's name;
 - (b) the registered foreign entity's jurisdiction of formation;
 - (c)(i) that the registered foreign entity does not currently do business in this state; and
(ii) that the registered foreign entity withdraws the registered foreign entity's registration to do business in this state;
 - (d) an address to which a person may make service of process to the registered foreign entity as described in Subsection (3); and
 - (e) if the registered foreign entity is a foreign corporation or foreign nonprofit corporation, the federal employer identification number of the registered foreign entity.
- (3) After a registered foreign entity withdraws the registered foreign entity's registration in accordance with this section, a person may make service of process in an action or proceeding based on a cause of action arising during the time the entity was registered to do business in this state in accordance with Section 16-1a-412.
- (4) A registered foreign entity withdraws the registered foreign entity's registration:
- (a) on the effective date of a conversion, if the registered foreign entity converts to a filing domestic entity;
 - (b) on the effective date of a merger, if the registered foreign entity is not the surviving entity after the merger occurs; or
 - (c) on the effective date of a domestication, if the registered foreign entity becomes a registered domestic entity through domestication.
- (5) A registered foreign entity that converts to a domestic filing entity withdraws the registered foreign entity's registration on the effective date of the conversion.
- (6)(a) After receiving a foreign corporation's or a foreign nonprofit corporation's

statement of withdrawal, the division shall:

- (i) provide the State Tax Commission with the foreign corporation's or the foreign nonprofit corporation's federal employer identification number; and
- (ii) request that the State Tax Commission certify that the foreign corporation or foreign nonprofit corporation is in good standing.
- (b) The State Tax Commission shall certify that a foreign corporation or a foreign nonprofit corporation is in good standing if the foreign corporation or foreign nonprofit corporation pays each tax, fee, and penalty the foreign corporation or foreign nonprofit corporation owes to the State Tax Commission.
- (c) If a foreign corporation or a foreign nonprofit corporation is not in good standing as described in Subsection (6)(b), the State Tax Commission shall:
 - (i) notify the division that the foreign corporation or the foreign nonprofit corporation is not in good standing; and
 - (ii)(A) notify the foreign corporation or the foreign nonprofit corporation that the foreign corporation or the foreign nonprofit corporation is not in good standing; and
 - (B) provide the foreign corporation or the foreign nonprofit corporation a detailed explanation as to why the foreign corporation or foreign nonprofit corporation is not in good standing.

Section 52. Section **16-1a-509** is enacted to read:

16-1a-509 . Transfer of registration.

- (1) If a registered foreign entity merges with a nonregistered foreign entity or converts to a foreign entity that is required to register with the division to do business in this state, the foreign entity shall deliver to the division for filing an application for a transfer of registration.
- (2) A surviving or converted entity described in Subsection (1) shall sign an application for a transfer of registration and state on the application for a transfer of registration:
 - (a) the registered foreign entity's name before the merger or conversion;
 - (b) the type of entity the surviving or converted entity was before the merger or conversion;
 - (c) the name of the surviving or converted entity, and if the name does not comply with Section 16-1a-302, an alternate name adopted in accordance with Section 16-1a-507;
 - (d) the surviving or converted entity's type of entity;
 - (e) the surviving or converted entity's jurisdiction of formation; and

- (f) the following information relating to the surviving or converted entity, if different from the information for the registered foreign entity before the merger or conversion:
- (i) the street and mailing addresses of the surviving or converted entity;
 - (ii) if the law of the surviving or converted entity's jurisdiction of formation requires that the surviving or converted entity maintain an office in the jurisdiction of formation, the street and mailing address of that office; and
 - (iii) the information required in accordance with Section 16-1a-305.

Section 53. Section **16-1a-510** is enacted to read:

16-1a-510 . Termination of registration.

- (1) The division may terminate a registered foreign entity's registration in the manner described in Subsection (2) or (3) if the registered foreign entity fails to:
 - (a) pay a fee, tax, interest, or penalty that the division requires, within 60 days after the day on which the division requires payment;
 - (b) deliver to the division for filing an annual report that the division requires, within 60 days after the division requires that the division file the annual report;
 - (c) designate a registered agent as required in Section 16-1a-402; or
 - (d) deliver to the division for filing a statement of change as described in Section 16-1a-407 within 30 days after the day on which a change occurs in the registered foreign entity's registered agent's name or address.
- (2) The division may terminate the registration of a registered foreign entity by:
 - (a) filing a notice of termination or noting the termination in the division's records; and
 - (b) delivering a copy of the notice or a copy of the information in the notation in the division's records to:
 - (i) the registered foreign entity's registered agent; or
 - (ii) if the registered foreign entity does not have a registered agent, to the registered foreign entity's principal office.
- (3) The division shall include in a notice of termination or a notation in the division's records described in Subsection (2):
 - (a) the effective date of the termination, which the division shall set at least 60 days after the day on which the division delivers the copy of the notice or copy of the information in the notation in the division's records; and
 - (b) the grounds under which the division terminates the registered foreign entity's registration under Subsection (1).
- (4) The registration of a registered foreign entity to do business in this state ends on the

2578 effective date of the notice of termination or notation in the division's records described
2579 in Subsection (2), unless before the effective date, the entity cures each ground for
2580 termination the division states in the notice of termination or notation in the division's
2581 records.

2582 (5) If a registered foreign entity cures each ground for termination in accordance with
2583 Subsection (4), the division shall file a record stating that the registered foreign entity
2584 has cured each ground for termination.

2585 Section 54. Section **16-1a-601** is enacted to read:

2586 **Part 6. Administrative Dissolution**

2587 **16-1a-601 . Definitions.**

2588 Reserved.

2589 Section 55. Section **16-1a-602** is enacted to read:

2590 **16-1a-602 . Grounds for administrative dissolution of a domestic filing entity.**

2591 The division may bring an action to dissolve a domestic filing entity administratively if
2592 the domestic filing entity fails to:

- 2593 (1) pay a fee, tax, interest, or penalty that the division requires, within six months after the
2594 day on which the division requires payment;
2595 (2) deliver to the division for filing an annual report not later than 60 days after the day on
2596 which the the annual report is due; or
2597 (3) maintain a registered agent in this state for 60 consecutive calendar days.

2598 Section 56. Section **16-1a-603** is enacted to read:

2599 **16-1a-603 . Procedure and effect of administrative dissolution of a domestic filing**
2600 **entity.**

- 2601 (1) If the division determines that one or more conditions for administrative dissolution
2602 described in Section 16-1a-602 exist, the division shall serve the domestic filing entity
2603 with a notice of the division's determination.
2604 (2) A domestic filing entity may for up to 60 days after the day on which the division serves
2605 the notice described in Subsection (1):
2606 (a) cure each condition the division lists in the notice; or
2607 (b) demonstrate to the satisfaction of the division that each condition the division lists in
2608 the notice does not exist.
2609 (3) If a domestic filing entity fails to comply with Subsection (2)(a) or (b) within the time
2610 limit described in Subsection (2), the division shall administratively dissolve the
2611 domestic filing entity by signing a statement of administrative dissolution that states:

(a) each condition that prompted the dissolution; and

(b) the effective date of the dissolution.

(4) A domestic filing entity that the division administratively dissolves continues the domestic filing entity's existence as the same type of entity but may not conduct any activity except an activity that is necessary to:

(a)(i) wind up the domestic filing entity's activities and affairs; and

(ii) liquidate the domestic filing entity's assets in the manner provided in the domestic filing entity's domestic law; or

(b) apply for reinstatement in accordance with Section 16-1a-604.

(5) The administrative dissolution of a domestic filing entity does not terminate the authority of the domestic filing entity's registered agent.

Section 57. Section **16-1a-604** is enacted to read:

16-1a-604 . Reinstatement of a domestic filing entity.

(1) A domestic filing entity that is administratively dissolved under Section 1-1a-603 may apply to the division for reinstatement under the domestic filing entity's same name at any time after the effective date of dissolution if the domestic filing entity's name is available and the domestic filing entity delivers to the division for filing an application for reinstatement that states:

(a) the name of the domestic filing entity at the time of the domestic filing entity's administrative dissolution and, if needed, a different name that satisfies Section 16-1a-302;

(b) the address of the principal office of the domestic filing entity and the name and address of the domestic filing entity's registered agent;

(c) the effective date of the domestic filing entity's administrative dissolution;

(d) that the domestic filing entity has paid all fees or penalties imposed under this chapter or other applicable state law;

(e) that the domestic filing entity:

(i) has paid any tax, fee, or penalty the domestic filing entity owes to the State Tax Commission; or

(ii) is current on a payment plan with the State Tax Commission for any tax, fee, or penalty the domestic filing entity owes to the State Tax Commission;

(f) that the grounds for dissolution do not exist or have been cured;

(g) the federal employer identification number of the domestic filing entity if the domestic filing entity is organized under:

- (i) Chapter 6a, Utah Revised Nonprofit Corporation Act;
(ii) Chapter 10a, Utah Revised Business Corporation Act;
(iii) Chapter 10b, Benefit Corporation Act; or
(iv) Chapter 11, Professional Corporation Act; and
(h) any additional information the division determines to be necessary or appropriate.
- (2) A domestic filing entity administratively dissolved under Section 16-1a-603 on or after May 1, 2019, but before May 1, 2024, may apply for reinstatement under the domestic filing entity's same name if the domestic filing entity's name is available and the domestic filing entity delivers to the division for filing an application for reinstatement that satisfies the requirements of Subsection (1).
- (3) A domestic filing entity retains the domestic filing entity's name and D.B.A., as described in Section 42-2-105, for five years after the day on which the dissolution is effective.
- (4)(a) After receiving a domestic filing entity's application for reinstatement, if the domestic filing entity is organized under Chapter 6a, Utah Revised Nonprofit Corporation Act, Chapter 10a, Utah Revised Business Corporation Act, Chapter 10b, Benefit Corporation Act, or Chapter 11, Professional Corporation Act, the division shall:
- (i) provide to the State Tax Commission the domestic filing entity's federal employer identification number; and
(ii) request that the State Tax Commission certify that the domestic filing entity is in good standing.
- (b) The State Tax Commission shall certify that a domestic filing entity is in good standing if the domestic filing entity:
- (i) has paid each tax, fee, and penalty the domestic filing entity owes to the State Tax Commission; or
(ii) is current on a payment plan with the State Tax Commission for each tax, fee, or penalty the domestic filing entity owes to the State Tax Commission.
- (c) If a domestic filing entity is not in good standing as described in Subsection (4)(b), the State Tax Commission shall:
- (i) notify the division, stating that the domestic filing entity is not in good standing;
(ii) notify the domestic filing entity that the domestic filing entity is not in good standing; and
(iii) provide to the domestic filing entity a detailed explanation of why the domestic

filing entity is not in good standing.

- (5) With respect to a domestic filing entity applying for reinstatement in accordance with Subsection (1), if the following conditions are met, the division shall take the actions described in Subsection (6):
- (a) the division determines that an application under Subsection (1) contains the information required by Subsection (1) and that the information contained in the application is correct;
 - (b) the division determines that the domestic filing entity has made each payment that the domestic filing entity is required to make to the division by Subsection (1)(d);
 - (c) the domestic filing entity is organized under Chapter 6a, Utah Revised Nonprofit Corporation Act, Chapter 10a, Utah Revised Business Corporation Act, Chapter 10b, Benefit Corporation Act, or Chapter 11, Professional Corporation Act; and
 - (d) the State Tax Commission certifies that the domestic filing entity is in good standing as described in Subsection (4)(b).

- (6) If the conditions of Subsection (5) are met, the division shall:

- (a) cancel the administrative dissolution of the domestic filing entity;
- (b) prepare a statement of reinstatement that states:
 - (i) how each condition of Subsection (5) is met; and
 - (ii) the effective date of reinstatement;
- (c) file the statement of reinstatement; and
- (d) serve a copy of the statement of reinstatement on the domestic filing entity.

- (7) When reinstatement under this section is effective, the following rules apply:

- (a) the reinstatement relates back to and takes effect as of the effective date of the administrative dissolution;
- (b) the domestic filing entity may resume the domestic filing entity's activities and affairs as if the administrative dissolution had not occurred; and
- (c) the rights of a person arising out of an act or omission in reliance on the dissolution before the person knew or had notice of the reinstatement are not affected.

Section 58. Section **16-1a-605** is enacted to read:

16-1a-605 . Judicial review of a denial of reinstatement.

- (1) If the division denies a domestic filing entity's application for reinstatement that complies with the provisions of this part, the division shall serve the domestic filing entity with a notice in a record that explains the reasons for this denial.
- (2) A domestic filing entity may seek judicial review of the division's denial of the domestic

2714 filing entity's reinstatement from a court with jurisdiction for up to 30 days after the day
2715 on which the division serves the domestic filing entity notice of the denial of
2716 reinstatement.

2717 Section 59. Section **16-1a-701** is enacted to read:

2718 **Part 7. Merger**

2719 **16-1a-701 . Definitions.**

2720 Reserved.

2721 Section 60. Section **16-1a-702** is enacted to read:

2722 **16-1a-702 . Merger authorized.**

2723 (1) By complying with this part:

- 2724 (a) one or more domestic entities may merge with one or more domestic entities or
2725 foreign entities into a domestic or foreign entity or a foreign surviving entity; and
2726 (b) two or more foreign entities may merge into a domestic entity.

2727 (2) Subject to the provisions of this part, a foreign entity may be a part to a merger or may
2728 be the surviving entity in a merger if the merger is authorized by the law of the foreign
2729 entity's jurisdiction of formation.

2730 Section 61. Section **16-1a-703** is enacted to read:

2731 **16-1a-703 . Plan of merger.**

2732 (1) A domestic entity may become a party to a merger by approving a plan of merger.

2733 (2) A plan of merger shall contain:

2734 (a) each merging entity's:

- 2735 (i) name;
2736 (ii) jurisdiction of formation; and
2737 (iii) type of entity;

2738 (b) if the merger creates a surviving entity:

- 2739 (i) a statement stating that the merger creates a surviving entity; and
2740 (ii) the surviving entity's:

- 2741 (A) name;
2742 (B) jurisdiction of formation; and
2743 (C) type of entity;

2744 (c) if the surviving entity exists before the merger, any proposed amendment to the
2745 surviving entity's:

- 2746 (i) public organic record; and
2747 (ii) private organic rules that are, or that the surviving entity proposes to be, in a

record;

(d) the manner by which the interest of each party to the merger will convert to an interest, a security, an obligation, money, property, or a right to acquire an interest or security in the surviving entity;

(e) all other terms and conditions of the merger; and

(f) any other provision required by the law of a merging entity's jurisdiction of formation or the organic rules of a merging entity.

Section 62. Section **16-1a-704** is enacted to read:

16-1a-704 . Approval of merger.

(1) A plan of merger is not effective unless:

(a) a domestic merging entity approves the plan of merger:

(i) in accordance with the requirements, if any, of the domestic merging entity's organic law and organic rules for approval of:

(A) for an entity that is not a limited cooperative association, the merger; or

(B) for an entity that is a limited cooperative association, a transaction under this part; or

(ii) by each interest holder of the domestic merging entity that is entitled to vote or consent to the plan of merger voting in favor of the plan of merger if:

(A) for an entity that is not a business corporation or a limited cooperative association, neither the business corporation's nor the limited cooperative association's organic rules provide for the approval of a merger; or

(B) for an entity that is a limited cooperative association, neither the limited cooperative association's organic law nor organic rules provide for the approval of a transaction under this part; and

(b)(i) for a business corporation or a nonprofit corporation, each interest holder of a domestic merging entity that will have interest holder liability for a debt, an obligation, or other liability after the merger becomes effective approves the merger; or

(ii) for an entity that is not a business corporation or a nonprofit corporation:

(A) a provision of the entity's organic rules provide for the approval of a merger in which one or more of the entity's interest holders will become subject to interest holder liability; and

(B) each interest holder consents to or votes in favor of the provision described in Subsection (1)(b)(ii)(A) or became an interest holder after the adoption of the

provision.

- (2) A merger described in this part that involves a foreign merging entity is not effective unless the foreign entity approves the merger in accordance with the law of the foreign entity's jurisdiction of formation.

Section 63. Section **16-1a-705** is enacted to read:

16-1a-705 . Amendment or abandonment of a plan of merger.

- (1) Except as otherwise provided in the plan of merger, a plan of merger may be amended only by the consent of each party to the plan of merger.
- (2) A domestic merging entity may approve an amendment to a plan of merger:
- (a) in the same manner as the plan of merger was approved, if the plan does not provide for the manner by which the domestic merging entity may amend the plan of merger;
 - or
 - (b) subject to Subsection (3), by the governors or interest holders approving the amendment in the manner provided in the plan of merger.
- (3) A governor or interest holder that was entitled to vote on or consent to the approval of a merger is entitled to vote on or consent to an amendment that will change:
- (a) the amount or kind of interests, securities, obligations, money, other property, rights to acquire interests or securities, or a combination that the interest holders of a party to the plan of merger will receive;
 - (b) the public organic record, if any, or the private organic rules of the surviving entity that will be in effect immediately after the merger becomes effective, except for a change that does not require the approval of the interest holders of the surviving entity under the surviving entity's organic law or organic rules; or
 - (c) any other term or condition of the plan of merger, if the change would adversely affect the governor or interest holder in a material respect.
- (4)(a) After the parties to a plan of merger approve the plan and before a statement of merger is effective, the parties to a merger may abandon a plan of merger in a manner provided in the plan of merger.
- (b) Unless prohibited by the plan of merger, a domestic filing entity may abandon the plan of merger in the same manner as the domestic filing entity approves the plan of merger.
- (5)(a) If the parties to a merger abandon the plan of merger after delivering a statement of merger to the division for filing, the parties shall deliver to the division for filing a statement of abandonment, signed by each party to the plan of abandonment.

- (b) The parties shall file a statement of abandonment before the day on which the statement of merger takes effect.
- (c) A statement of abandonment under this Subsection (5) takes effect on the day on which the parties file the statement of abandonment with the division.
- (d) After the parties file a statement of abandonment, the plan of merger is abandoned and does not take effect.
- (e) A statement of abandonment shall contain:
- (i) the name of each party to the plan of merger;
 - (ii) the day on which the parties file the statement of merger with the division; and
 - (iii) a statement that the parties abandon the merger in accordance with this section.

Section 64. Section **16-1a-706** is enacted to read:

16-1a-706 . Statement of merger -- Effective date of merger.

- (1) Each merging entity shall sign a statement of merger and deliver the statement of merger to the division for filing.
- (2) A statement of merger shall contain:
- (a) the name, jurisdiction of formation, and type of entity of each merging entity that is not the surviving entity;
 - (b) the name, jurisdiction of formation, and type of entity of the surviving entity;
 - (c) if the statement of merger is not effective on the day on which each merging entity files the statement of merger, the date and time on which the statement of merger will become effective, which shall be no later than 90 days after the day on which each merging entity files the statement of merger;
 - (d) a statement that any domestic merging entity that is a party to the merger approves the merger in accordance with this part;
 - (e) a statement that any foreign merging entity that is a party to the merger approves the merger in accordance with the law of the foreign merging entity's jurisdiction of formation;
 - (f) if the surviving entity exists before the merger and is a domestic filing entity, any amendment to the surviving filing entity's public organic record the parties to the merger approve as part of the plan of merger;
 - (g) if the surviving entity is created by the merger and is a domestic filing entity, the domestic filing entity's public organic record;
 - (h) if the surviving entity is created by the merger and is a domestic limited liability partnership, the surviving entity's statement of qualification; and

(i) if the surviving entity is a foreign entity that is not a registered foreign entity, a mailing address to which the division may send any process served on the division.

(3) In addition to the requirements described in Subsection (2), a statement of merger may contain any other provision not prohibited by law.

(4)(a) Except as provided in Subsection (4)(b), if the surviving entity is a domestic entity, the surviving entity's public record, if any exists, shall satisfy the requirements of the law of this state.

(b) A surviving entity that is a domestic entity:

(i) is not required to sign the surviving entity's public organic record; and

(ii) may omit any provision that the surviving entity is not required to include in a restatement of the public organic record.

(5)(a) A party to a merger may deliver a plan of merger that each merging entity signs and that meets all the requirements described in Subsection (2) to the division for filing instead of a statement of merger.

(b) A party delivering a plan of merger in accordance with Subsection (5)(a) has the same effect as filing a statement of merger.

(c) If a party files a plan of merger in accordance with Subsection (5)(a), for purposes of complying with this part, the plan of merger shall serve as the statement of merger.

(6) A statement of merger is effective on:

(a) the day and time on which a person files the statement of merger with the division; or

(b) a date and time specified in the statement of merger that is later than the day and time on which the person files the statement of merger.

(7) If the surviving entity is a domestic entity, a merger becomes effective on the day and time on which the statement of merger is effective.

(8) If the surviving entity is a foreign entity, a merger takes effect on the later of:

(a) the day and time provided in the organic law of the surviving entity; or

(b) the day and time on which the statement is effective.

Section 65. Section **16-1a-707** is enacted to read:

16-1a-707 . Effect of merger.

(1) On or after the day and time on which a merger under this part takes effect:

(a) the surviving entity continues the surviving entity's existence or comes into existence;

(b) a merging entity that is not the surviving entity ceases to exist;

(c) all property belonging to each merging entity vests in the surviving entity without transfer, reversion, or impairment;

- (d) each debt, obligation, or other liability of each merging entity becomes a debt, obligation, or other liability of the surviving entity;
- (e) except as otherwise provided by law or the plan of merger, each right, privilege, immunity, power, and purpose of each merging entity vests in the surviving entity;
- (f) if the surviving entity exists before the merger:
- (i) all the surviving entity's property remains vested with the surviving entity without transfer, reversion, or impairment;
- (ii) the surviving entity remains subject to each debt, obligation, or other liability of the surviving entity's; and
- (iii) each right, privilege, immunity, power, and purpose of the surviving entity remain vested in the surviving entity;
- (g) if the surviving entity is created by the merger, the surviving entity's private organic rules are effective and:
- (i) if the surviving entity is a filing entity, the surviving entity's public organic record is effective; or
- (ii) if the surviving entity is a limited liability partnership, the surviving entity's statement of qualification is effective; and
- (h)(i) each interest in each merging entity that is subject to conversion under the merger is converted; and
- (ii) an interest holder of an interest described in Subsection (1)(h)(i) is entitled only to the rights provided to the interest holder in:
- (A) the plan of merger;
- (B) the appraisal rights described in Section 16-1a-708; and
- (C) the merging entity's organic law.
- (2) Except as otherwise provided in the organic law or organic rules of a merging entity, a merger under this part does not give rise to a right that an interest holder, governor, or third party would have upon the dissolution, liquidation, or winding up of a merging entity.
- (3) On or after the day and time on which a merger takes effect, if a person did not have interest holder liability to any of the merging entities and after the merger takes effect becomes subject to interest holder liability as a result of the merger, the person has interest holder liability:
- (a) only to the extent provided by the organic law of the surviving entity; and
- (b) only for a debt, obligation, or other liability the surviving entity incurs after the

- 2918 merger takes effect.
- 2919 (4)(a) A merger does not discharge any interest holder liability under the organic law of
- 2920 the domestic merging entity to the extent the person incurs interest holder liability
- 2921 before the merger takes effect.
- 2922 (b) A person does not have interest holder liability under the organic law of the domestic
- 2923 merging entity for a debt, obligation, or other liability that the surviving entity incurs
- 2924 after the merger takes effect.
- 2925 (c) The organic law of a domestic merging entity continues to apply to the release,
- 2926 collection, or discharge of any interest holder liability described in Subsection (4)(a).
- 2927 (d) A person has whatever rights of contribution from any other person that exist in law
- 2928 other than this part or the organic rules of the domestic merging entity relating to any
- 2929 interest holder liability described in Subsection (4)(a).
- 2930 (5) On or after the day and time on which a merger takes effect, a person may serve a
- 2931 foreign entity that is the surviving entity with process for the collection and enforcement
- 2932 of any debt, obligation, or other liability of a domestic merging entity in accordance with
- 2933 applicable law.
- 2934 (6) On or after the day and time on which a merger takes effect, the registration to do
- 2935 business in this state of a foreign merging entity that is not the surviving entity is
- 2936 canceled.
- 2937 Section 66. Section **16-1a-708** is enacted to read:
- 2938 **16-1a-708 . Appraisal rights.**
- 2939 (1) As used in this section, "new entity" means a:
- 2940 (a) merging entity;
- 2941 (b) converting entity; or
- 2942 (c) domesticating entity.
- 2943 (2) An interest holder of a new entity is entitled to an appraisal right in connection with the
- 2944 merger, conversion, or domestication if the interest holder would have been entitled to
- 2945 an appraisal right under the new entity's organic law unless:
- 2946 (a) the organic law permits the organic rules to limit or eliminate the availability of an
- 2947 appraisal right; and
- 2948 (b) the organic rules limit or eliminate the availability of an appraisal right.
- 2949 (3) An interest holder in a new entity is entitled to a contractual appraisal right in
- 2950 connection with the merger, conversion, or domestication to the extent provided in:
- 2951 (a) the new entity's organic rules;

(b) the plan; or

(c) for a business corporation, an action of the business corporation's governors.

Section 67. Section **16-1a-709** is enacted to read:

16-1a-709 . Required notice or approval -- Effect of merger on property and gifts.

(1) A domestic entity or a foreign entity that is required under this part to give notice to, or obtain the approval of, a government agency or a government officer of this state in order to be a party to a merger shall also give the notice or obtain the required approval when the domestic entity or foreign entity becomes a party to an interest exchange, a conversion, or a domestication.

(2) A domestic entity or a foreign entity that holds property for a charitable purpose under the law of this state at the time a transaction governed by this part occurs shall retain possession of the property to the extent permitted under law.

(3) A bequest, devise, gift, or promise contained in a will or other instrument of donation or conveyance that a person makes to an acquired entity that takes effect remains payable after the merger to the acquiring entity.

(4) An acquired entity's trust obligation transfers to the acquiring entity after a merger.

Section 68. Section **16-1a-801** is enacted to read:

Part 8. Interest Exchange

16-1a-801 . Definitions.

Reserved.

Section 69. Section **16-1a-802** is enacted to read:

16-1a-802 . Interest exchange authorized.

(1) Except as otherwise provided in this section, by complying with this part:

(a) a domestic entity may acquire all of one or more classes or series of interests of another domestic entity or a foreign entity in exchange for interests, securities, obligations, money, other property, or rights to acquire interests or securities;

(b) a domestic entity or foreign entity may acquire all of one or more classes or series of interests of a domestic entity in exchange for all of one or more classes or series of interests of a domestic entity; or

(c) a foreign entity may be an acquiring or acquired entity in an interest exchange under this part if the law of the foreign entity's jurisdiction of formation authorizes the interest exchange.

(2) If a protected agreement contains a provision that applies to a merger of a domestic entity but does not refer to an interest exchange, the provision applies to an interest

exchange in which the domestic entity is the acquired entity as if the interest exchange were a merger until the day on which a person amends the provision.

(3) This section does not apply to a transaction described in:

(a) Chapter 6a, Utah Revised Nonprofit Corporation Act; or

(b) Chapter 10a, Utah Revised Business Corporation Act.

Section 70. Section **16-1a-803** is enacted to read:

16-1a-803 . Plan of interest exchange.

(1) A domestic entity may be the acquired entity in an interest exchange under this part by approving a plan of interest exchange.

(2) A domestic entity shall create a plan of interest exchange in a record and include in the plan of exchange:

(a) the name and type of entity of the acquired entity;

(b) the name, jurisdiction, and type of entity of the acquiring entity;

(c) the process of converting the interests in the acquired entity into interests, securities, obligations, money, other property, or rights to acquire interests or securities;

(d) any proposed amendment to:

(i) the public organic record, if any, of the acquired entity;

(ii) the private organic rules of the acquired entity that are, or are proposed to be, in a record;

(iii) other terms and conditions of the interest exchange; and

(iv) any other provision required by the law of this state or the organic rules of the acquired entity.

(3) In addition to the requirements described in Subsection (2), a plan of interest exchange may contain any other provision not prohibited by law.

Section 71. Section **16-1a-804** is enacted to read:

16-1a-804 . Approval of interest exchange.

(1) A plan of interest exchange is only effective if:

(a) an acquired domestic entity approves the plan of exchange:

(i) in accordance with the requirements, if any, in the acquired domestic entity's organic law and organic rules for approval of an interest exchange;

(ii) if the domestic acquired entity's organic law or organic rules do not provide for approval of an interest exchange, in accordance with the requirements, if any, of domestic acquired entity's organic law and organic rules for the approval of:

(A) for an entity that is not a business corporation or a limited cooperative

- 3020 association, a merger as if the interest exchange were a merger;
3021 (B) for a business corporation, a merger requiring approval by a vote of the
3022 interest holders of the business corporation as if the interest exchange were that
3023 type of merger; or
3024 (C) for a limited cooperative association, a transaction under this part; or
3025 (iii) by a majority vote of each interest holder of the acquired domestic entity that is
3026 entitled to vote on or consent to any matter if:
3027 (A) for an entity that is not a business corporation or limited cooperative
3028 association, the entity's organic law or organic rules do not provide for the
3029 approval of an interest exchange or a merger; or
3030 (B) for a limited cooperative association, the entity's organic law or organic rules
3031 do not provide for the approval of an interest exchange or a transaction under
3032 this part;
3033 (b) the acquired domestic entity approves the plan of exchange in a record, by each
3034 interest holder of an acquired domestic entity that will have interest holder liability
3035 for any debt, obligation, or other liability that the acquired domestic entity incurs
3036 after the interest exchange takes effect; and
3037 (c) if the acquired domestic entity is not a business corporation or nonprofit corporation,
3038 the requirements of Subsection (1)(b) do not apply if:
3039 (i) the organic rules of the acquired domestic entity contain in a record a provision
3040 that provides for the approval of an interest exchange or a merger in which some
3041 or all of the acquired domestic entity's interest holders become subject to interest
3042 holder liability by the vote or consent of fewer than all of the interest holders; and
3043 (ii) the interest holders consent in a record to or vote for the provision described in
3044 Subsection (1)(c)(i) of the organic rules or became an interest holder after the
3045 adoption of that provision.
3046 (2) An interest exchange involving a foreign acquired entity is not effective unless the
3047 foreign entity approves the interest exchange in accordance with the law of the foreign
3048 entity's jurisdiction of formation.
3049 (3) Except as otherwise provided in the acquiring entity's organic law or organic rules, the
3050 acquiring entity's interest holders are not required to approve an interest exchange.

3051 Section 72. Section **16-1a-805** is enacted to read:

3052 **16-1a-805 . Amendment or abandonment of plan of interest exchange.**

- 3053 (1) A plan of interest exchange may be amended only with the consent of each party to the

plan of interest exchange, except as otherwise provided in the plan of interest exchange.

(2) A domestic acquired entity may approve an amendment to a plan of interest exchange:

(a) in the same manner as the plan of interest exchange was approved, if the plan of interest exchange does not provide for the manner by which a person may amend the plan of interest exchange; or

(b) except as provided in Subsection (3), by the domestic acquired entity's governors or interest holders in the manner provided in the plan of interest exchange.

(3) An interest holder that was entitled to vote on or consent to the approval of an interest exchange is entitled to vote on or consent to an amendment to the plan of interest exchange that will change:

(a) the amount or kind of interests, securities, obligations, money, other property, or rights to acquire interests or securities that the interest holders of the acquired entity will receive under the plan of interest exchange;

(b) the public organic record, if any, or private organic rules of the acquired entity that will be in effect immediately after the interest exchange takes effect, except for a change that does not require approval of the interest holders of the acquired entity under the acquired entity's organic law or organic rules; or

(c) any other term or condition of the plan of interest exchange if the change would adversely affect the interest holder in a material respect.

(4)(a) After a plan of interest exchange is approved and before a statement of interest exchange takes effect, the plan of interest exchange may be abandoned as provided in the plan of interest exchange.

(b) Unless prohibited by the plan of interest exchange a domestic acquired entity may abandon the plan of interest exchange in the same manner as the plan of interest exchange was approved.

(5)(a) If a plan of interest exchange is abandoned after a statement of interest exchange is delivered to the division for filing and before the statement of interest exchange takes effect, the acquired entity shall:

(i) sign a statement of abandonment; and

(ii) deliver the statement of abandonment to the division for filing before the statement of interest exchange takes effect.

(b) A statement of abandonment takes effect on the day and time on which the acquired entity delivers the statement of abandonment to the division for filing.

(c) After a statement of abandonment takes effect, the interest exchange is abandoned

3088 and does not become effective.

3089 (6) A statement of abandonment shall contain:

3090 (a) the name of the acquired entity;

3091 (b) the day on which the acquired entity delivers the statement of interest exchange to
3092 the division for filing; and

3093 (c) a statement that the interest exchange has been abandoned in accordance with this
3094 section.

3095 Section 73. Section **16-1a-806** is enacted to read:

3096 **16-1a-806 . Statement of interest exchange -- Effective date of interest exchange.**

3097 (1) A domestic acquired entity shall sign a statement of interest exchange and deliver the
3098 statement of interest exchange to the division for filing.

3099 (2) A statement of interest exchange shall contain:

3100 (a) the acquired entity's name and type of entity;

3101 (b) the acquiring entity's name, jurisdiction of formation and type of entity;

3102 (c) if the statement of interest exchange is not to be effective upon filing, the later day
3103 and time on which the statement of interest exchange will become effective, which
3104 may not be more than 90 days after the day on which the division files the statement
3105 of interest exchange;

3106 (d) a statement that the acquired entity approved the plan of interest exchange in
3107 accordance with Section 16-1a-804; and

3108 (e) any amendment to the acquired entity's public record, if any, that was approved as
3109 part of the interest exchange.

3110 (3) In addition to the requirements of Subsection (2), a statement of interest exchange may
3111 contain any other provision not prohibited by law.

3112 (4)(a) A domestic acquired entity may deliver a plan of interest exchange that the
3113 domestic acquired entity signs and that meets all the requirements of Subsection (2)
3114 to the division for filing instead of a statement of interest exchange.

3115 (b) A domestic acquired entity delivering a plan of interest exchange to the division in
3116 accordance with Subsection (4)(a) has the same effect as delivering a statement of
3117 interest exchange to the division.

3118 (c) If a domestic acquired entity delivers a plan of interest exchange as described in this
3119 Subsection (4), all references to a statement of interest exchange in this part refer to
3120 the plan of interest exchange for that plan of interest exchange.

3121 (5) A statement of interest exchange takes effect on the day and time:

(a) on which the domestic acquired entity delivers the statement of interest exchange to the division for filing; or

(b) specified in the statement of interest exchange that is later than the day and time on which the domestic acquired entity delivers the statement of interest exchange to the division for filing.

(6) An interest exchange in which the acquired entity is a domestic entity takes effect when the statement of interest exchange takes effect.

Section 74. Section **16-1a-807** is enacted to read:

16-1a-807 . Effect of interest exchange.

(1) When an interest exchange in which the acquired entity is a domestic entity takes effect:

(a) each interest in the domestic acquired entity that is subject to the interest exchange is converted, and each interest holder of an interest is entitled only to:

(i) the rights provided to the interest holder:

(A) under the plan of interest exchange; or

(B) in the acquired entity's organic law; and

(ii) any appraisal rights provided in Section 16-1a-708;

(b) the acquiring entity becomes the interest holder of each interest in the acquired entity stated in the plan of interest exchange that the acquiring entity will acquire;

(c) the public organic record, if any, of the acquired entity is amended to the extent provided in the statement of interest exchange; and

(d) the private organic rules of the acquired entity that are to be in a record, if any, are amended to the extent provided in the plan of interest exchange.

(2) Except as otherwise provided in the organic law or organic rules of the acquired entity, an interest exchange does not give rise to any right that an interest holder, governor, or third party would have upon a dissolution, liquidation, or winding up of the acquired entity.

(3) When an interest exchange takes effect:

(a) a person that did not have interest holder liability with respect to the acquired entity and becomes subject to interest holder liability with respect to a domestic entity as a result of the interest exchange has interest holder liability only:

(i) to the extent provided by the organic law of the domestic entity; and

(ii) for a debt, obligation, or other liability that the domestic entity incurs after the interest exchange takes effect; and

(b) the following conditions apply to the interest holder liability of a person that no

longer holds an interest in a domestic acquired entity if the person had interest holder liability in the domestic acquired entity:

- (i) the interest exchange does not discharge any interest holder liability under the organic law of the domestic acquired entity to the extent the person incurred the interest holder liability before the interest exchange became effective;
- (ii) the person does not have interest holder liability under the organic law of the domestic acquired entity for a debt, obligation, or other liability that the domestic acquired entity incurs after the interest exchange takes effect;
- (iii) the person does not have interest holder liability under the organic law of the domestic entity for any debt, obligation, or other liability preserved under Subsection (3)(b)(i) as though the interest exchange had not occurred; and
- (iv) the person has whatever rights of contribution from any other person in accordance with other law or the organic law or organic rules of the domestic acquired entity with respect to any interest holder liability preserved under Subsection (3)(b)(i) as if the interest exchange had not occurred.

Section 75. Section **16-1a-901** is enacted to read:

Part 9. Conversion

16-1a-901 . Definitions.

Reserved.

Section 76. Section **16-1a-902** is enacted to read:

16-1a-902 . Conversion authorized.

- (1) By complying with this part, a domestic entity may become:
 - (a) a domestic entity that is a different type of entity; or
 - (b) a foreign entity that is a different type of entity, if the conversion is authorized by the law of the foreign entity's jurisdiction of formation.
- (2) By complying with the provisions of this part that are applicable to foreign entities, a foreign entity may become a domestic entity that is a different type of entity if the conversion is authorized by the law of the foreign entity's jurisdiction of formation.
- (3) If a protected agreement contains a provision that applies to a merger of a domestic entity but does not refer to a conversion, the provision applies to a conversion of the entity as if the conversion were a merger until the provision is amended after May 7, 2026.

Section 77. Section **16-1a-903** is enacted to read:

16-1a-903 . Plan of conversion.

- (1) A domestic entity may convert to a different type of entity by approving a plan of conversion.
- (2) A domestic entity shall ensure that the plan of conversion is in a record and contains:
- (a) the converting entity's name and type of entity;
 - (b) the converted entity's name, jurisdiction of formation, and type of entity;
 - (c) the manner of converting the interest in the converting entity into interest, securities, obligations, money, other property, or rights to acquire interests or securities;
 - (d) the proposed public organic record of the converted entity if the converted entity will be a filing entity;
 - (e) the full text of the private organic rules of the converted entity that are proposed to be in a record;
 - (f) the other terms and conditions of the conversion; and
 - (g) any other provision required by the law of this state or the organic rules of the converting entity.
- (3) In addition to the requirements of Subsection (2), a plan of conversion may contain any provision not prohibited by law.

Section 78. Section **16-1a-904** is enacted to read:

16-1a-904 . Approval of conversion.

- (1) A plan of conversion does not take effect unless:
- (a) a domestic converting entity approves the plan of conversion:
 - (i) in accordance with the requirements, if any, in the domestic converting entity's organic rules for approval of a conversion;
 - (ii) if the domestic converting entity's organic rules do not provide for the approval of a conversion, in accordance with the requirements, if any, in the converting entity's organic law and organic rules for the approval of:
 - (A) for an entity that is not a business corporation or a limited cooperative association, a merger, as if the conversion were a merger;
 - (B) for a business corporation, a merger requiring approval by a vote of the interest holders of the business corporation, as if the conversion were that type of merger; and
 - (C) for a limited cooperative association, a transaction authorized under this part;
 - or
 - (iii) by each interest holder of the entity that is entitled to vote on or consent to any matter if:

- 3224 (A) for an entity that is not a business corporation or a limited cooperative
3225 association, the entity's organic law and organic rules do not provide for the
3226 approval of a conversion or a merger; or
- 3227 (B) for a limited cooperative association, the limited cooperative association's
3228 organic law and organic rules do not provide for the approval of a conversion
3229 or a transaction under this part;
- 3230 (b) each interest holder of a domestic converting entity that will have interest holder
3231 liability for a debt, obligation, or other liability that the domestic converting entity
3232 incurs after the conversion approves the plan of conversion in a record; and
- 3233 (c) for an entity that is not a business corporation or a nonprofit corporation, the entity
3234 complies with the provisions of Subsection (1)(b), unless:
- 3235 (i) the organic rules of the entity contain a provision that provides in a record for the
3236 approval of an interest exchange or a merger in which some or all of the entity's
3237 interest holders become subject to interest holder liability by the vote or consent
3238 of fewer than all the interest holders; and
- 3239 (ii) the interest holders consent in a record to or vote for the provision described in
3240 Subsection (1)(c)(i) or became an interest holder after the adoption of the
3241 provision.
- 3242 (2) A conversion of a foreign converting entity does not take effect until the foreign entity
3243 approves the conversion in accordance with the law of the foreign entity's jurisdiction of
3244 formation.
- 3245 Section 79. Section **16-1a-905** is enacted to read:
- 3246 **16-1a-905 . Amendment or abandonment of plan of conversion.**
- 3247 (1) A domestic converting entity may amend the domestic converting entity's plan of
3248 conversion:
- 3249 (a) in the same manner as the domestic converting entity approved the plan of
3250 conversion, if the plan does not provide for the manner by which the domestic
3251 converting entity may amend the plan of conversion;
- 3252 (b) by the domestic converting entity's governors or interest holders in the manner
3253 provided in the plan of conversion, but an interest holder that was entitled to vote on
3254 or consent to approval of the conversion may vote on or consent to any amendment to
3255 the plan that will change:
- 3256 (i) the amount or kind of interests, securities, obligations, money, other property, or
3257 rights to acquire interest or securities that the interest holders of the converting

entity will receive under the plan of conversion;

- (ii) the public organic record, if any, or private organic rules of the converted entity that will be in effect immediately after the conversion takes effect, except for changes that do not require approval of the converted entity's interest holders under the converted entity's organic law or organic rules; or
- (iii) any other term or condition of the plan, if the change would adversely affect the interest holder in a material respect.

(2)(a) After a domestic converting entity approves a plan of conversion and before a statement of conversion is effective, the domestic converting entity may abandon the plan of conversion as provided in the plan of conversion.

(b) Unless prohibited by the plan of conversion, a domestic converting entity may abandon the plan in the same manner as the domestic converting entity approved the plan of conversion.

(3) If a domestic converting entity abandons a plan of conversion after a statement of conversion has been delivered to the division for filing and before the statement is effective, the domestic converting entity shall:

- (a) sign a statement of abandonment; and
- (b) deliver the signed statement of abandonment to the division for filing before the statement of conversion takes effect.

(4) A statement of abandonment takes effect on the day and time on which the division files the statement of abandonment and the conversion is abandoned and does not take effect.

(5) A statement of abandonment shall contain:

- (a) the name of the converting entity;
- (b) the day on which the converting entity files the statement of conversion with the division; and
- (c) a statement that the domestic converting entity abandoned the conversion in accordance with this section.

Section 80. Section **16-1a-906** is enacted to read:

16-1a-906 . Statement of conversion -- Effective date of conversion.

(1) A converting entity shall sign a statement of conversion and deliver the statement of conversion to the division for filing.

(2) A statement of conversion shall contain:

- (a) the converting entity's name and type of entity;
- (b) the converted entity's name, jurisdiction of formation and type of entity;

- 3292 (c) if the statement of conversion is not to be effective upon filing, the later day and time
3293 on which the statement of conversion will take effect, which may not be more than
3294 90 days after the day on which the division files the statement of conversion;
- 3295 (d)(i) if the converting entity is a domestic entity, a statement that the converting
3296 entity approved the plan of conversion in accordance with Section 16-1a-904; or
3297 (ii) if the converting entity is a foreign entity, a statement that the converting entity
3298 approved the plan of conversion in accordance with the law of the converting
3299 entity's jurisdiction of formation;
- 3300 (e) if the converting entity is a domestic entity, the converting entity's public organic
3301 record;
- 3302 (f) if the converted entity is a domestic limited liability partnership, the converted
3303 entity's statement of qualification; and
- 3304 (g) if the converted entity is a foreign entity, a mailing address to which the division
3305 may send any process served on the division.
- 3306 (3) In addition to the requirements of Subsection (2), a statement of conversion may contain
3307 any other provision not prohibited by law.
- 3308 (4) If the converted entity is a domestic entity, the converted entity's public organic record,
3309 if any, shall satisfy the requirements of the laws of this state, except that the public
3310 organic record:
- 3311 (a) is not required to be signed; and
3312 (b) is not required to be included in a restatement of the public organic record.
- 3313 (5)(a) A domestic converting entity may deliver a plan of conversion that a domestic
3314 converting entity signs and that meets all of the requirements of Subsection (2) to the
3315 division for filing instead of a statement of conversion.
- 3316 (b) A domestic converting entity delivering a plan of conversion in accordance with
3317 Subsection (5)(a) has the same effect as delivering a statement of conversion to the
3318 division.
- 3319 (c) If a domestic converting entity delivers a plan of conversion as described in this
3320 Subsection (5), all references to a statement of conversion refer to the plan of
3321 conversion filed in accordance with this part.
- 3322 (6) A statement of conversion takes effect on the day and time:
- 3323 (a) on which the domestic converting entity delivers the statement of conversion to the
3324 division for filing; or
- 3325 (b) specified in the statement of conversion that is later than the day and time on which

3326 the domestic converting entity delivers the statement of conversion to the division for
3327 filing.

3328 (7)(a) If a converted entity is a domestic entity, a conversion takes effect on the day and
3329 time on which the statement of conversion takes effect.

3330 (b) If a converted entity is a foreign entity, the conversion takes effect on the later of:

3331 (i) the day and time provided by the organic law of the converted entity; or

3332 (ii) the day and time on which the statement of conversion takes effect.

3333 Section 81. Section **16-1a-907** is enacted to read:

3334 **16-1a-907 . Effect of conversion.**

3335 (1) When a conversion takes effect:

3336 (a) the converted entity is:

3337 (i) organized under and subject to the organic law of the converted entity; and

3338 (ii) the same entity without interruption as the converting entity;

3339 (b) all property of the converting entity continues to be vested in the converted entity
3340 without transfer, reversion, or impairment;

3341 (c) each debt, obligation, and other liability of the converting entity continues as a debt,
3342 obligation, and other liability of the converted entity;

3343 (d) except as otherwise provided by law or the plan of conversion, each right, privilege,
3344 immunity, power, and purpose of the converting entity remain in the converted entity;

3345 (e) the name of the converted entity may be substituted for the name of the converting
3346 entity in a pending action or proceeding;

3347 (f) if a converted entity is a filing entity, the converted entity's public organic record
3348 takes effect;

3349 (g) if the converted entity is a limited liability partnership, the converted entity's
3350 statement of qualification is effective;

3351 (h) the private organic rules of the converted entity that are to be in a record, if any,
3352 approved as part of the plan of conversion take effect;

3353 (i) each interest in the converting entity are converted, and each interest holder of the
3354 converting entity is entitled only to:

3355 (i) the rights provided to the interest holder under the plan of conversion;

3356 (ii) appraisal rights described in Section 16-1a-708; and

3357 (iii) the converting entity's organic law;

3358 (j) a person that did not have interest holder liability with respect to the converting entity
3359 and becomes subject to interest holder liability with respect to a domestic entity as a

- 3360 result of the conversion has interest holder liability:
- 3361 (i) only to the extent provided by the organic law of the entity; and
- 3362 (ii) only for a debt, obligation, or other liability that the converting entity incurs after
- 3363 the conversion takes effect;
- 3364 (k) the following conditions apply to the interest holder liability of a person that no
- 3365 longer holds an interest in a domestic converting entity if the person had interest
- 3366 holder liability in the domestic converting entity:
- 3367 (i) the conversion does not discharge any interest holder liability under the organic
- 3368 law of the domestic converting entity to the extent the person incurred the interest
- 3369 holder liability before the conversion takes effect;
- 3370 (ii) the person does not have interest holder liability under the organic law of the
- 3371 domestic converting entity for a debt, obligation, or other liability that the
- 3372 converted entity incurs after the conversion takes effect;
- 3373 (iii) the organic law of the domestic converting entity continues to apply to the
- 3374 release, collection, or discharge of any interest holder liability preserved under
- 3375 Subsection (1)(k)(i) as if the conversion does not occur; and
- 3376 (iv) the person has whatever rights of contribution from any other person as provided
- 3377 by other law or the organic rules of the domestic converting entity with respect to
- 3378 any interest holder liability preserved under Subsection (1)(k)(i) as if the
- 3379 conversion does not occur; and
- 3380 (l) a person may serve a foreign entity that is the converted entity with process in this
- 3381 state for the collection and enforcement of any of the foreign entity's debts,
- 3382 obligations, and other liabilities in accordance with applicable law.
- 3383 (2) Except as otherwise provided in the organic law or organic rules of a converting entity,
- 3384 a conversion does not give rise to a right that an interest holder, a governor, or a third
- 3385 party would have upon the dissolution, liquidation, or winding up of the converting
- 3386 entity.
- 3387 (3) If a converting entity is a registered foreign entity, the converting entity's registration to
- 3388 do business is canceled when the conversion takes effect.
- 3389 (4) A conversion does not require an entity to wind up the entity's affairs and does not
- 3390 constitute or cause the dissolution of the entity.

3391 Section 82. Section **16-1a-1001** is enacted to read:

3392 **Part 10. Domestication**

3393 **16-1a-1001 . Definitions.**

3394 Reserved.

3395 Section 83. Section **16-1a-1002** is enacted to read:

3396 **16-1a-1002 . Domestication authorized.**

3397 (1) Except as otherwise provided in this section, by complying with this part:

3398 (a) a domestic entity may become a domestic entity of the same type of entity in a
3399 foreign jurisdiction if the domestication is authorized by the law of the foreign
3400 jurisdiction; and

3401 (b) a foreign entity may become a domestic entity of the same type of entity in this state
3402 if the domestication is authorized by the law of the foreign entity's jurisdiction of
3403 formation.

3404 (2) If a protected agreement contains a provision that applies to a merger of a domestic
3405 entity but does not refer to domestication, the provision applies to a domestication of the
3406 entity as if the domestication were a merger until the provision is amended after May 7,
3407 2026.

3408 Section 84. Section **16-1a-1003** is enacted to read:

3409 **16-1a-1003 . Plan of domestication.**

3410 (1) A domestic entity may become a foreign entity in a domestication by approving a plan
3411 of domestication.

3412 (2) The domestic entity shall ensure that a plan of domestication is in a record and that the
3413 plan of domestication contains:

3414 (a) the domesticating entity's name and type of entity;

3415 (b) the domesticated entity's name and jurisdiction of formation;

3416 (c) the manner of converting the interests in the domesticating entity into interests,
3417 securities, obligations, money, other property, or rights to acquire interests and
3418 securities;

3419 (d) the proposed public organic record of the domesticated entity if the domesticated
3420 entity is a filing entity;

3421 (e) the full text of the private organic rules of the domesticated entity that are proposed
3422 to be in a record;

3423 (f) the other terms and conditions of the domestication; and

3424 (g) any other provision required by the law of this state or the organic rules of the
3425 domesticating entity.

3426 (3) In addition to the requirements described in Subsection (2), a plan of domestication may
3427 contain any other provision not prohibited by law.

Section 85. Section **16-1a-1004** is enacted to read:

16-1a-1004 . Approval of domestication.

(1) A plan of domestication does not take effect unless:

(a) a domestic domesticating entity approves the plan of domestication:

(i) in accordance with the requirements, if any, of the domestic domesticating entity's organic rules for the approval of a domestication;

(ii) if the domestic domesticating entity's rules do not provide for approval of a domestication, in accordance with the requirements, if any, of the domestic domesticating entity's organic law and organic rules for the approval of:

(A) for an entity that is not a business corporation or limited cooperative association, a merger, as if the domestication were a merger;

(B) for a business corporation, a merger requiring approval for a vote of the interest holders of the business corporation, as if the domestication was that type of merger; or

(C) for a limited cooperative association, a transaction under this part; or

(iii) by each interest holder of the entity entitled to vote on or consent to any matter if:

(A) for an entity that is not a business corporation or a limited cooperative association, the business corporation's or limited cooperative association's organic law or organic rules do not provide for the approval of a domestication or merger; or

(B) for a limited cooperative association, the limited cooperative association's organic law or organic rules do not provide for the approval of a domestication or a transaction under this part;

(b) each interest holder that will have interest holder liability for a debt, obligation, or other liability that a domesticated entity incurs after the domestication takes effect approves the domestication in a record; and

(c) for an entity that is not a business corporation or a nonprofit corporation, the entity shall comply with the provisions of Subsection (1)(b), unless:

(i) the organic rules of the entity contain a provision in a record for the approval of a domestication or merger in which some or all of the entity's interest holders become subject to interest holder liability by the vote or consent of fewer than all the interest holders; and

(ii) the interest holder consented in a record to or vote for the provision described in Subsection (1)(c)(i) or became an interest holder after the adoption of the

provision.

- (2) A domestication of a foreign domesticating entity does not take effect unless the foreign domesticating entity approves the domestication in accordance with the law of the foreign entity's jurisdiction of formation.

Section 86. Section **16-1a-1005** is enacted to read:

16-1a-1005 . Amendment or abandonment of plan of domestication.

- (1) A domestic domesticating entity may amend a plan of domestication for the domestic domesticating entity:
- (a) in the same manner as the domestic domesticating entity approved the plan of domestication; or
 - (b) through the domestic domesticating entity's governors or interest holders in the manner provided in the plan of domestication, if an interest holder that was entitled to vote on or consent to approval of the domestication is entitled to vote on any amendment to the plan of domestication that will change:
 - (i) the amount or kind of interests, securities, obligations, money, other property, or rights to acquire interest or securities that an interest holder of the domesticating entity will receive under the plan of domestication;
 - (ii) the public organic record, if any, or private organic rules of the domesticated entity that will take effect immediately after the domestication takes effect, except for any change that does not require the approval of the interest holders of the domesticated entity under the domesticated entity's organic law or organic rules; or
 - (iii) any other term or condition of the plan, if the change would adversely affect the interest holder in any material respect.
- (2)(a) After a domestic domesticating entity approves a plan of domestication and before a statement of domestication takes effect, the domestic domesticating entity may abandon the plan of domestication as provided in the plan of domestication.
- (b) Unless prohibited by the plan of domestication, a domestic domesticating entity may abandon the plan of domestication in the same manner as the domestic domesticating entity approved the plan of domestication.
- (3) If a domestic domesticating entity abandons a plan of domestication after delivering a statement of domestication to the division for filing and before the statement of abandonment is effective, the domestic domesticating entity shall:
- (a) sign a statement of abandonment; and
 - (b) deliver the signed statement of abandonment to the division for filing before the

statement of domestication takes effect.

(4) A statement of abandonment takes effect on the day and time on which the division files the statement of abandonment and the domestication is abandoned and does not take effect.

(5) A statement of abandonment shall contain:

(a) the name of the domesticating entity;

(b) the day on which the domesticating entity files the statement of domestication with the division; and

(c) a statement that the domestic domesticating entity abandoned the domestication in accordance with this section.

Section 87. Section **16-1a-1006** is enacted to read:

16-1a-1006 . Statement of domestication -- Effective date of domestication.

(1) A domesticating entity shall sign a statement of domestication and deliver the statement of domestication to the division for filing.

(2) A statement of domestication shall contain:

(a) the domesticating entity's name and type of entity;

(b) the domesticated entity's name, jurisdiction of formation and type of entity;

(c) if the statement of domestication is not to be effective upon filing, the later day and time on which the statement of domestication will take effect, which may not be more than 90 days after the day on which the division files the statement of domestication;

(d)(i) if the domesticating entity is a domestic entity, a statement that the domestication entity approved the plan of domestication in accordance with Section 16-1a-1004; or

(ii) if the domesticating entity is a foreign entity, a statement that the domesticating entity approved the plan of domestication in accordance with the law of the domesticating entity's jurisdiction of formation;

(e) if the domesticated entity is a domestic filing entity, the domesticated entity's public organic record;

(f) if the domesticated entity is a domestic limited liability partnership, the domesticated entity's statement of qualification; and

(g) if the domesticated entity is a foreign entity that is not a registered foreign entity, a mailing address to which the division may send any process served on the division.

(3) In addition to the requirements of Subsection (2), a statement of domestication may

3530 contain any other provision not prohibited by law.

3531 (4) If the domesticated entity is a domestic entity, the domesticated entity's public organic
3532 record, if any, shall satisfy the requirements of the laws of this state, except that the
3533 public organic record:

3534 (a) is not required to be signed; and

3535 (b) may omit any provision that is not required to be included in a restatement of the
3536 public organic record.

3537 (5)(a) A domestic domesticating entity may deliver a plan of domestication that a
3538 domestic domesticating entity signs and that meets all of the requirements of
3539 Subsection (2) to the division for filing instead of a statement of domestication.

3540 (b) A domestic domesticating entity delivering a plan of domestication in accordance
3541 with Subsection (5)(a) has the same effect as delivering a statement of domestication
3542 to the division.

3543 (c) If a domestic domesticating entity delivers a plan of domestication as described in
3544 this Subsection (5), all references to a statement of domestication refer to the plan of
3545 domestication filed in accordance with this part.

3546 (6) A statement of domestication takes effect on the day and time:

3547 (a) on which the domestic domesticating entity delivers the statement of domestication
3548 to the division for filing; or

3549 (b) specified in the statement of domestication that is later than the day and time on
3550 which the domestic domesticating entity delivers the statement of domestication to
3551 the division for filing.

3552 (7)(a) If a domesticated entity is a domestic entity, a domestication takes effect on the
3553 day and time on which the statement of domestication takes effect.

3554 (b) If a domesticated entity is a foreign entity, the domestication takes effect on the later
3555 of:

3556 (i) the day and time provided by the organic law of the domesticated entity; or

3557 (ii) the day and time on which the statement of domestication takes effect.

3558 Section 88. Section **16-1a-1007** is enacted to read:

3559 **16-1a-1007 . Effect of domestication.**

3560 (1) When a domestication takes effect:

3561 (a) the domesticated entity is:

3562 (i) organized under and subject to the organic law of the domesticated entity; and

3563 (ii) the same entity without interruption as the domesticating entity;

- (b) all of the domesticating entity's property continues to be vested in the domesticated entity without transfer, reversion, or impairment;
- (c) each debt, obligation, and other liability of the domesticating entity continues as a debt, obligation, and other liability of the domesticated entity;
- (d) except as otherwise provided by law or the plan of domestication, each right, privilege, immunity, power, and purpose of the domesticating entity remain in the domesticated entity;
- (e) the name of the domesticated entity may be substituted for the name of the domesticating entity in a pending action or proceeding;
- (f) if the domesticated entity is a filing entity the domesticated entity's public organic record takes effect;
- (g) if the domesticated entity is a limited liability partnership, the domesticated entity's statement of qualification takes effect simultaneously with the domestication;
- (h) the private organic rules of the domesticated entity that are to be in a record, if any, approved as part of the plan of domestication take effect; and
- (i)(i) each interest in the domesticating entity is converted to the extent and as approved in connection with the domestication; and
- (ii) each interest holder of the domesticating entity is entitled only to:
- (A) the rights provided to the interest holder under the plan of domestication;
- (B) any appraisal rights the interest holder has under Section 16-1a-708; and
- (C) the rights provided to the interest holder under the domesticating entity's organic law;
- (j) a person that did not have interest holder liability with respect to the domesticating entity and becomes subject to interest holder liability with respect to a domestic entity as a result of the domestication has interest holder liability:
- (i) only to the extent provided by the organic law of the entity; and
- (ii) only for a debt, obligation, or other liability that the domesticating entity incurs after the domestication takes effect; and
- (k) the following conditions apply to the interest holder liability of a person that no longer holds an interest in a domestic domesticating entity if the person had interest holder liability in the domestic domesticating entity:
- (i) the domestication does not discharge any interest holder liability under the organic law of the domestic domesticating entity to the extent the person incurred the interest holder liability before the domestication takes effect;

- (ii) the person does not have interest holder liability under the organic law of the domestic domesticating entity for a debt, obligation, or other liability that the domesticated entity incurs after the domesticating takes effect;
- (iii) the organic law of the domestic domesticating entity continues to apply to the release, collection, or discharge of any interest holder liability preserved under Subsection (1)(k)(i) as if the domestication does not occur; and
- (iv) the person has whatever rights of contribution from any other person as provided by other law or the organic rules of the domestic domesticating entity with respect to any interest holder liability preserved under Subsection (1)(k)(i) as if the domestication does not occur.

(2) Except as otherwise provided in the organic law or organic rules of the domesticating entity, the domestication does not give rise to any right that an interest holder, governor, or third party would have upon the dissolution, liquidation, or winding up of the domesticating entity.

(3) When a domestication takes effect, a person may serve a foreign entity that is the domesticated entity with process in this state for the collection and enforcement of any debt, obligation, or other liability of the foreign entity in accordance with applicable law.

(4) If a domesticating entity is a registered foreign entity, the registration to do business in this state of the domesticating entity is canceled when the domestication takes effect.

(5) A domestication does not require the domesticating entity to wind up the domesticating entity's affairs and does not constitute or cause the dissolution of the domesticating entity.

Section 89. Section **16-6a-120** is enacted to read:

16-6a-120 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 90. Section **16-7-17** is enacted to read:

16-7-17 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 91. Section **16-10a-130** is enacted to read:

16-10a-130 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 92. Section **16-10b-107** is enacted to read:

16-10b-107 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 93. Section **16-11-17** is enacted to read:

16-11-17 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 94. Section **16-12-7** is enacted to read:

16-12-7 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 95. Section **16-15-111** is enacted to read:

16-15-111 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 96. Section **16-16-121** is enacted to read:

16-16-121 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 97. Section **16-18-101**, which is renumbered from Section 48-1d-102 is renumbered and amended to read:

CHAPTER 18. Utah Uniform Partnership Act

Part 1. General Provisions

[48-1d-102] 16-18-101 . Definitions.

As used in this chapter:

- (1) "Business" includes every trade, occupation, and profession.
- (2) "Contribution," except in the phrase "right of contribution," means property or a benefit described in Section [48-1d-501] 16-18-501 which is provided by a person to a partnership to become a partner or in the person's capacity as a partner.
- (3) "Debtor in bankruptcy" means a person that is the subject of:
 - (a) an order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or

(b) a comparable order under federal, state, or foreign law governing insolvency.

(4)(a) "Distribution" means a transfer of money or other property from a partnership to a person on account of a transferable interest or in a person's capacity as a partner.[-]

(b) [~~The term:~~] "Distribution"

[(a)] includes:

(i) a redemption or other purchase by a partnership of a transferable interest; and

(ii) a transfer to a partner in return for the partner's relinquishment of any right to participate as a partner in the management or conduct of the partnership's activities and affairs or have access to records or other information concerning the partnership's activities and affairs[; and] .

[(b)] (c) "Distribution" does not include amounts constituting reasonable compensation for present or past service or payments made in the ordinary course of business under a bona fide retirement plan or other bona fide benefits program.

(5) "Division" means the Division of Corporations and Commercial Code.

(6) "Foreign limited liability partnership" means a foreign partnership whose partners have limited liability for the debts, obligations, or other liabilities of the foreign partnership under a provision similar to Subsection [48-1d-306(3)] 16-18-306(3).

(7)(a) "Foreign partnership" means an unincorporated entity formed under the law of a jurisdiction other than this state which would be a partnership if formed under the law of this state.

(b) [~~The term~~] "Foreign partnership" includes a foreign limited liability partnership.

(8) "Jurisdiction," used to refer to a political entity, means the United States, a state, a foreign country, or a political subdivision of a foreign country.

(9) "Jurisdiction of formation" means, with respect to an entity, the jurisdiction:

(a) under whose law the entity is formed; or

(b) in the case of a limited liability partnership or foreign limited liability partnership, in which the partnership's statement of qualification is filed.

(10) "Limited liability partnership," except in the phrase "foreign limited liability partnership," means a partnership that has filed a statement of qualification under Section [48-1d-1101] 16-18-1001 and does not have a similar statement in effect in any other jurisdiction.

(11) "Partner" means a person that:

(a) has become a partner in a partnership under Section [48-1d-401] 16-18-401 or was a partner in a partnership when the partnership became subject to this chapter under

Section ~~[48-1d-1405]~~ 16-18-1305; and

(b) has not dissociated as a partner under Section ~~[48-1d-701]~~ 16-18-701.

(12)(a) "Partnership" means an association of two or more persons to carry on as co-owners a business for profit formed under this chapter or that becomes subject to this chapter under ~~[Part 10, Merger, Interest Exchange, Conversion, and Domestication]~~ :

(i) Chapter 1a, Part 7, Merger;

(ii) Chapter 1a, Part 8, Interest Exchange;

(iii) Chapter 1a, Part 9, Conversion;

(iv) ~~[]~~ Chapter 1a, Part 10, Domestication; or

(v) ~~Section [48-1d-1405]~~ 16-18-1305.

(b) ~~[The term]~~ "Partnership" includes a limited liability partnership.

(13)(a) "Partnership agreement" means the agreement, whether or not referred to as a partnership agreement, and whether oral, implied, in a record, or in any combination thereof, of all the partners of a partnership concerning the matters described in Subsection ~~[48-1d-106(1)]~~ 16-18-105(1).

(b) ~~[The term]~~ "Partnership agreement" includes the agreement as amended or restated.

(14) "Partnership at will" means a partnership in which the partners have not agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking.

(15) "Person" means an individual, business corporation, nonprofit corporation, partnership, limited partnership, limited liability company, limited cooperative association, unincorporated nonprofit association, statutory trust, business trust, common-law business trust, estate, trust, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(16) "Principal office" means the principal executive office of a partnership or a foreign limited liability partnership, whether or not the office is located in this state.

(17) "Professional services" means a personal service provided by:

(a) a public accountant holding a license under Title 58, Chapter 26a, Certified Public Accountant Licensing Act, or a subsequent law regulating the practice of public accounting;

(b) an architect holding a license under Title 58, Chapter 3a, Architects Licensing Act, or a subsequent law regulating the practice of architecture;

- 3733 (c) an attorney granted the authority to practice law by the:
- 3734 (i) Utah Supreme Court; or
- 3735 (ii) one or more of the following that licenses or regulates the authority to practice
- 3736 law in a state or territory of the United States other than Utah:
- 3737 (A) a supreme court;
- 3738 (B) a court other than a supreme court;
- 3739 (C) an agency;
- 3740 (D) an instrumentality; or
- 3741 (E) a regulating board;
- 3742 (d) a chiropractor holding a license under Title 58, Chapter 73, Chiropractic Physician
- 3743 Practice Act, or a subsequent law regulating the practice of chiropractics;
- 3744 (e) a doctor of dentistry holding a license under Title 58, Chapter 69, Dentist and Dental
- 3745 Hygienist Practice Act, or a subsequent law regulating the practice of dentistry;
- 3746 (f) a professional engineer registered under Title 58, Chapter 22, Professional Engineers
- 3747 and Professional Land Surveyors Licensing Act, or a subsequent law regulating the
- 3748 practice of engineers or land surveyors;
- 3749 (g) a naturopath holding a license under Title 58, Chapter 71, Naturopathic Physician
- 3750 Practice Act, or a subsequent law regulating the practice of naturopathy;
- 3751 (h) a nurse licensed under Title 58, Chapter 31b, Nurse Practice Act, or Chapter 44a,
- 3752 Nurse Midwife Practice Act, or a subsequent law regulating the practice of nursing;
- 3753 (i) an optometrist holding a license under Title 58, Chapter 16a, Utah Optometry
- 3754 Practice Act, or a subsequent law regulating the practice of optometry;
- 3755 (j) an osteopathic physician or surgeon holding a license under Title 58, Chapter 68,
- 3756 Utah Osteopathic Medical Practice Act, or a subsequent law regulating the practice of
- 3757 osteopathy;
- 3758 (k) a pharmacist holding a license under Title 58, Chapter 17b, Pharmacy Practice Act,
- 3759 or a subsequent law regulating the practice of pharmacy;
- 3760 (l) a physician, surgeon, or doctor of medicine holding a license under Title 58, Chapter
- 3761 67, Utah Medical Practice Act, or a subsequent law regulating the practice of
- 3762 medicine;
- 3763 (m) a physician assistant holding a license under Title 58, Chapter 70a, Utah Physician
- 3764 Assistant Act, or a subsequent law regulating the practice as a physician assistant;
- 3765 (n) a physical therapist holding a license under Title 58, Chapter 24b, Physical Therapy
- 3766 Practice Act, or a subsequent law regulating the practice of physical therapy;

- (o) a podiatric physician holding a license under Title 58, Chapter 5a, Podiatric Physician Licensing Act, or a subsequent law regulating the practice of podiatry;
- (p) a psychologist holding a license under Title 58, Chapter 61, Psychologist Licensing Act, or a subsequent law regulating the practice of psychology;
- (q) a principal broker, associate broker, or sales agent holding a license under Title 61, Chapter 2f, Real Estate Licensing and Practices Act, or a subsequent law regulating the sale, exchange, purchase, rental, or leasing of real estate;
- (r) a clinical or certified social worker holding a license under Title 58, Chapter 60, Part 2, Social Worker Licensing Act, or a subsequent law regulating the practice of social work;
- (s) a mental health therapist holding a license under Title 58, Chapter 60, Mental Health Professional Practice Act, or a subsequent law regulating the practice of mental health therapy;
- (t) a veterinarian holding a license under Title 58, Chapter 28, Veterinary Practice Act, or a subsequent law regulating the practice of veterinary medicine; or
- (u) an individual licensed, certified, or registered under Title 61, Chapter 2g, Real Estate Appraiser Licensing and Certification Act, or a subsequent law regulating the practice of appraising real estate.
- (18) "Property" means all property, whether real, personal, or mixed, or tangible or intangible, or any right or interest therein.
- (19) "Record," used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.
- (20) "Registered agent" means an agent of a limited liability partnership or foreign limited liability partnership which is authorized to receive service of any process, notice, or demand required or permitted by law to be served on the partnership.
- (21) "Registered foreign limited liability partnership" means a foreign limited liability partnership that is registered to do business in this state ~~[pursuant to]~~ in accordance with a statement of registration filed by the division.
- (22) "Sign" means, with present intent to authenticate or adopt a record:
- (a) to execute or adopt a tangible symbol; or
- (b) to attach to or logically associate with the record an electronic symbol, sound, or process.
- (23) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the

3801 jurisdiction of the United States.

3802 (24) "Transfer" includes:

- 3803 (a) an assignment;
- 3804 (b) a conveyance;
- 3805 (c) a sale;
- 3806 (d) a lease;
- 3807 (e) an encumbrance, including a mortgage or security interest;
- 3808 (f) a gift; and
- 3809 (g) a transfer by operation of law.

3810 (25)(a) "Transferable interest" means the right, as initially owned by a person in the

3811 person's capacity as a partner, to receive distributions from a partnership in

3812 accordance with the partnership agreement, whether or not the person remains a

3813 partner or continues to own any part of the right.

3814 (b) [~~The term~~] "Transferable interest" applies to any fraction of the interest, by

3815 whomever owned.

3816 (26) "Transferee" means a person to which all or part of a transferable interest has been

3817 transferred, whether or not the transferor is a partner.

3818 (27) "Tribal partnership" means a partnership:

- 3819 (a) formed under the law of a tribe; and
- 3820 (b) that is at least 51% owned or controlled by the tribe under whose law the partnership
- 3821 is formed.

3822 (28) "Tribe" means a tribe, band, nation, pueblo, or other organized group or community of

3823 Indians, including an Alaska Native village, that is legally recognized as eligible for and

3824 is consistent with a special program, service, or entitlement provided by the United

3825 States to Indians because of their status as Indians.

3826 Section 98. Section **16-18-102**, which is renumbered from Section 48-1d-103 is renumbered

3827 and amended to read:

3828 **[~~48-1d-103~~] 16-18-102 . Knowledge -- Notice.**

3829 (1) A person knows a fact if the person:

- 3830 (a) has actual knowledge of it; or
- 3831 (b) is deemed to know it under Subsection (4)(a) or law other than this chapter.

3832 (2) A person has notice of a fact if the person:

- 3833 (a) has reason to know the fact from all the facts known to the person at the time in
- 3834 question; or

(b) is deemed to have notice of the fact under Subsection (4)(b).

(3) Subject to ~~[Subsection 48-1d-116(6)]~~ Section 16-1a-211, a person notifies another person of a fact by taking steps reasonably required to inform the other person in ordinary course, whether or not those steps cause the other person to know the fact.

(4) A person not a partner is deemed:

(a) to know of a limitation on authority to transfer real property as provided in Subsection ~~[48-1d-303(7)]~~ 16-18-303(7); and

(b) to have notice of:

(i) a partner's dissociation 90 days after a statement of dissociation under Section ~~[48-1d-804]~~ 16-18-804 becomes effective; and

(ii) a partnership's:

(A) dissolution 90 days after a statement of dissolution under Subsection ~~[48-1d-902(2)(b)(i)]~~ 16-18-902(2)(b)(i) becomes effective;

(B) termination 90 days after a statement of termination under Subsection ~~[48-1d-902(2)(b)(vi)]~~ 16-18-902(2)(b)(vi) becomes effective;

(C) participation in a merger, interest exchange, conversion, or domestication 90 days after a statement of merger, interest exchange, conversion, or domestication under ~~[Part 10, Merger, Interest Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective; and

(D) abandonment of a merger, interest exchange, conversion, or domestication 90 days after a statement of abandonment of merger, interest exchange, conversion, or domestication under ~~[Part 10, Merger, Interest Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective.

(5) A partner's knowledge or notice of a fact relating to the partnership is effective immediately as knowledge of or notice to the partnership, except in the case of a fraud on the partnership committed by or with the consent of that partner.

Section 99. Section **16-18-103**, which is renumbered from Section 48-1d-104 is renumbered and amended to read:

[48-1d-104] 16-18-103 . Governing law.

The internal affairs of a partnership and the liability of a partner as a partner for the

debts, obligations, or other liabilities of the partnership are governed by:

- (1) in the case of a limited liability partnership, the law of this state; and
- (2) in the case of a partnership that is not a limited liability partnership, the law of the state of the jurisdiction in which the partnership has its principal office.

Section 100. Section **16-18-104**, which is renumbered from Section 48-1d-105 is renumbered and amended to read:

[48-1d-105] 16-18-104 . Supplemental principles of law.

Unless displaced by particular provisions of this chapter, the principles of law and equity supplement this chapter.

Section 101. Section **16-18-105**, which is renumbered from Section 48-1d-106 is renumbered and amended to read:

[48-1d-106] 16-18-105 . Partnership agreement -- Scope, function, and limitations.

- (1) Except as otherwise provided in Subsections (3) and (4), the partnership agreement governs:

- (a) relations among the partners as partners and between the partners and the partnership;
- (b) the activities and affairs of the partnership and the conduct of those activities and affairs; and
- (c) the means and conditions for amending the partnership agreement.

- (2) To the extent the partnership agreement does not provide for a matter described in Subsection (1), this chapter governs the matter.

- (3) A partnership agreement may not:

- (a) vary the law applicable under Section ~~[48-1d-104]~~ 16-18-103;
- (b) vary the provisions of Section ~~[48-1d-111]~~ 16-1a-209;
- (c) vary the provisions of Section ~~[48-1d-307]~~ 16-18-307;
- (d) unreasonably restrict the duties and rights under Section ~~[48-1d-403]~~ 16-18-403, but the partnership agreement may impose reasonable restrictions on the availability and use of information obtained under that section and may define appropriate remedies, including liquidated damages, for a breach of any reasonable restriction on use;
- (e) eliminate the duty of loyalty or the duty of care, except as otherwise provided in Subsection (4);
- (f) eliminate the contractual obligation of good faith and fair dealing under Subsection ~~[48-1d-405(4)]~~ 16-18-405(4), but the partnership agreement may prescribe the standards, if not unconscionable or against public policy, by which the performance of the obligation is to be measured;

- 3903 (g) relieve or exonerate a person from liability for conduct involving bad faith, willful
 3904 misconduct, or recklessness;
- 3905 (h) vary the power to dissociate as a partner under Subsection [~~48-1d-702(1)~~]
 3906 16-18-702(1), except to require the notice under Subsection [~~48-1d-701(1)~~]
 3907 16-18-701(1) to be in a record;
- 3908 (i) vary the right of a court to expel a partner in the events specified in Subsection [
 3909 ~~48-1d-701(5)~~] 16-18-701(5);
- 3910 (j) vary the causes of dissolution specified in Subsection [~~48-1d-901(4)~~] 16-18-901(4), (5),
 3911 or (6);
- 3912 (k) vary the requirement to wind up the partnership's activities and affairs as specified in
 3913 Subsections [~~48-1d-902(1)~~] 16-18-902(1), (2)(a), and (4);
- 3914 (l) vary the right of a partner to approve a merger, interest exchange, conversion, or
 3915 domestication under [~~Subsection 48-1d-1023(1)(b)~~] Section 16-1a-704, [
 3916 ~~48-1d-1033(1)(b)~~] 16-1a-804, [~~48-1d-1043(1)(b)~~] 16-1a-904, or [~~48-1d-1053(1)(b)~~]
 3917 16-1a-1004;
- 3918 (m) vary any requirement, procedure, or other provision of this chapter pertaining to:
 3919 (i) registered agents; or
 3920 (ii) the division, including provisions pertaining to records authorized or required to
 3921 be delivered to the division for filing under this chapter; or
- 3922 (n) except as otherwise provided in Section [~~48-1d-107~~] 16-18-106 and Subsection [
 3923 ~~48-1d-108(2)~~] 16-18-107(2), restrict the rights under this chapter of a person other
 3924 than a partner.
- 3925 (4) Subject to Subsection (3)(e), without limiting other terms that may be included in a
 3926 partnership agreement, the following rules apply:
- 3927 (a) The partnership agreement may specify the method by which a specific act or
 3928 transaction that would otherwise violate the duty of loyalty may be authorized or
 3929 ratified by one or more disinterested and independent persons after full disclosure of
 3930 all material facts.
- 3931 (b) If not unconscionable or against public policy, the partnership agreement may:
 3932 (i) alter or eliminate the aspects of the duty of loyalty stated in Subsection [
 3933 ~~48-1d-405(2)~~] 16-18-405(2);
- 3934 (ii) identify specific types or categories of activities that do not violate the duty of
 3935 loyalty;
- 3936 (iii) alter the duty of care, except to authorize intentional misconduct or knowing

violation of law; and

(iv) alter or eliminate any other fiduciary duty.

(5)(a) The court shall decide as a matter of law whether a term of a partnership agreement is unconscionable or against public policy under Subsection (3)(f) or (4)(b).

(b) [-]The court:

[(a)] (i) shall make [its] the court's determination as of the time the challenged term became part of the partnership agreement and by considering only circumstances existing at that time; and

[(b)] (ii) may invalidate the term only if, in light of the purposes and business of the partnership, it is readily apparent that:

[(i)] (A) the objective of the term is unconscionable or against public policy; or

[(ii)] (B) the means to achieve the term's objective is unconscionable or against public policy.

Section 102. Section **16-18-106**, which is renumbered from Section 48-1d-107 is renumbered and amended to read:

[48-1d-107] 16-18-106 . Partnership agreement -- Effect on partnership and person becoming partner -- Preformation agreement.

(1) A partnership is bound by and may enforce the partnership agreement, whether or not the partnership has itself manifested assent to the partnership agreement.

(2) A person that becomes a partner of a partnership is deemed to assent to the partnership agreement.

(3) Two or more persons intending to become the initial partners of a partnership may make an agreement providing that upon the formation of the partnership the agreement will become the partnership agreement.

Section 103. Section **16-18-107**, which is renumbered from Section 48-1d-108 is renumbered and amended to read:

[48-1d-108] 16-18-107 . Partnership agreement -- Effect on third parties and relationship to records effective on behalf of partnership.

(1)(a) A partnership agreement may specify that [its] the partnership's amendment requires the approval of a person that is not a party to the partnership agreement or the satisfaction of a condition.

(b) [-]An amendment is ineffective if [its] the amendment's adoption does not include the required approval or satisfy the specified condition.

(2)(a) The obligations of a partnership and [its] the partnership's partners to a person in

the person's capacity as a transferee or person dissociated as a partner are governed by the partnership agreement.

(b) ~~[-]~~ Subject only to a court order issued under Subsection ~~[48-1d-604(2)(b)]~~ 16-18-604(2)(b) to effectuate a charging order, an amendment to the partnership agreement made after a person becomes a transferee or is dissociated as a partner: ~~[(a)]~~ (i) is effective with regard to any debt, obligation, or other liability of the partnership or its partners to the person in the person's capacity as a transferee or person dissociated as a partner; and ~~[(b)]~~ (ii) is not effective to the extent the amendment: ~~[(i)]~~ (A) imposes a new debt, obligation, or other liability on the transferee or person dissociated as a partner; or ~~[(ii)]~~ (B) prejudices the rights under Section ~~[48-1d-801]~~ 16-18-801 of a person that dissociated as a partner before the amendment was made.

(3) If a record delivered by a partnership to the division for filing becomes effective under this chapter and contains a provision that would be ineffective under Subsection ~~[48-1d-106(3)]~~ 16-18-105(3) or (4)(b) if contained in the partnership agreement, the provision is ineffective in the record.

(4) Subject to Subsection (3), if a record delivered by a partnership to the division for filing becomes effective under this chapter and conflicts with a provision of the partnership agreement:

- (a) the partnership agreement prevails as to partners, persons dissociated as partners, and transferees; and
- (b) the record prevails as to other persons to the extent ~~[they]~~ the persons reasonably rely on the record.

Section 104. Section **16-18-108**, which is renumbered from Section 48-1d-118 is renumbered and amended to read:

~~[48-1d-118]~~ 16-18-108 . Reservation of power to amend or repeal.

The Legislature of this state has power to amend or repeal all or part of this chapter at any time, and all domestic and foreign limited liability partnerships subject to this chapter are governed by the amendment or repeal.

Section 105. Section **16-18-109** is enacted to read:

16-18-109 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

4005 Section 106. Section **16-18-201**, which is renumbered from Section 48-1d-201 is renumbered
4006 and amended to read:

4007 **Part 2. Nature of Partnership**

4008 **[48-1d-201] 16-18-201 . Partnership as entity.**

- 4009 (1) A partnership is an entity distinct from [its] the partnership's partners.
4010 (2) A partnership is the same entity regardless of whether the partnership has a statement of
4011 qualification in effect under Section [~~48-1d-1101~~] 16-18-1001.

4012 Section 107. Section **16-18-202**, which is renumbered from Section 48-1d-202 is renumbered
4013 and amended to read:

4014 **[48-1d-202] 16-18-202 . Formation of partnership.**

- 4015 (1) Except as otherwise provided in Subsection (2), the association of two or more persons
4016 to carry on as co-owners a business for profit forms a partnership, whether or not the
4017 persons intend to form a partnership.
- 4018 (2) An association formed under a statute other than this chapter, a predecessor statute, or a
4019 comparable statute of another jurisdiction is not a partnership under this chapter.
- 4020 (3) In determining whether a partnership is formed, the following rules apply:
- 4021 (a) Joint tenancy, tenancy in common, tenancy by the entireties, joint property, common
4022 property, or part ownership does not by itself establish a partnership, even if the
4023 co-owners share profits made by the use of the property.
- 4024 (b) The sharing of gross returns does not by itself establish a partnership, even if the
4025 persons sharing them have a joint or common right or interest in property from which
4026 the returns are derived.
- 4027 (c) A person who receives a share of the profits of a business is presumed to be a partner
4028 in the business, unless the profits were received in payment:
- 4029 (i) of a debt by installments or otherwise;
- 4030 (ii) for services as an independent contractor or of wages or other compensation to an
4031 employee;
- 4032 (iii) of rent;
- 4033 (iv) of an annuity or other retirement or health benefit to a deceased or retired partner
4034 or a beneficiary, representative, or designee of a deceased or retired partner;
- 4035 (v) of interest or other charge on a loan, even if the amount of payment varies with
4036 the profits of the business, including a direct or indirect present or future
4037 ownership of the collateral, or rights to income, proceeds, or increase in value
4038 derived from the collateral; or

4039 (vi) for the sale of the goodwill of a business or other property by installments or
4040 otherwise.

4041 Section 108. Section **16-18-203**, which is renumbered from Section 48-1d-203 is renumbered
4042 and amended to read:

4043 **[48-1d-203] 16-18-203 . Partnership property.**

4044 Property acquired by a partnership is property of the partnership and not of the partners
4045 individually.

4046 Section 109. Section **16-18-204**, which is renumbered from Section 48-1d-204 is renumbered
4047 and amended to read:

4048 **[48-1d-204] 16-18-204 . When property is partnership property.**

4049 (1) Property is partnership property if acquired in the name of:

4050 (a) the partnership; or

4051 (b) one or more partners with an indication in the instrument transferring title to the
4052 property of the person's capacity as a partner or of the existence of a partnership but
4053 without an indication of the name of the partnership.

4054 (2) Property is acquired in the name of the partnership by a transfer to:

4055 (a) the partnership in [its] the partnership's name; or

4056 (b) one or more partners in [their] the partners' capacity as partners in the partnership, if
4057 the name of the partnership is indicated in the instrument transferring title to the
4058 property.

4059 (3) Property is presumed to be partnership property if purchased with partnership assets,
4060 even if not acquired in the name of the partnership or of one or more partners with an
4061 indication in the instrument transferring title to the property of the person's capacity as a
4062 partner or of the existence of a partnership.

4063 (4) Property acquired in the name of one or more of the partners, without an indication in
4064 the instrument transferring title to the property of the person's capacity as a partner or of
4065 the existence of a partnership and without use of partnership assets, is presumed to be
4066 separate property, even if used for partnership purposes.

4067 Section 110. Section **16-18-301**, which is renumbered from Section 48-1d-301 is renumbered
4068 and amended to read:

4069 **Part 3. Relations of Partners to Persons Dealing with Partnership**

4070 **[48-1d-301] 16-18-301 . Partner agent of partnership.**

4071 Subject to the effect of a statement of partnership authority under Section [48-1d-303]
4072 16-18-303, the following rules apply:

(1)(a) Each partner is an agent of the partnership for the purpose of its activities and affairs.

(b) ~~[-]~~An act of a partner, including the signing of an instrument in the partnership name, for apparently carrying on in the ordinary course the partnership's activities and affairs or activities and affairs of the kind carried on by the partnership binds the partnership, unless the partner did not have authority to act for the partnership in the particular matter and the person with which the partner was dealing knew, or had notice, that the partner lacked authority.

(2) An act of a partner, which is not apparently for carrying on in the ordinary course the partnership's activities and affairs or activities and affairs of the kind carried on by the partnership, binds the partnership only if the act was actually authorized by all the other partners.

Section 111. Section **16-18-302**, which is renumbered from Section 48-1d-302 is renumbered and amended to read:

[48-1d-302] 16-18-302 . Transfer of partnership property.

(1) Partnership property may be transferred as follows:

(a) Subject to the effect of a statement of partnership authority under Section ~~[48-1d-303]~~ 16-18-303, partnership property held in the name of the partnership may be transferred by an instrument of transfer executed by a partner in the partnership name.

(b) Partnership property held in the name of one or more partners with an indication in the instrument transferring the property to them of their capacity as partners or of the existence of a partnership, but without an indication of the name of the partnership, may be transferred by an instrument of transfer executed by the persons in whose name the property is held.

(c) Partnership property held in the name of one or more persons other than the partnership, without an indication in the instrument transferring the property to them of their capacity as partners or of the existence of a partnership, may be transferred by an instrument of transfer executed by the persons in whose name the property is held.

(2) A partnership may recover partnership property from a transferee only if ~~[it]~~ the partnership proves that execution of the instrument of initial transfer did not bind the partnership under Section ~~[48-1d-301]~~ 16-18-301 and:

(a) as to a subsequent transferee who gave value for property transferred under Subsection (1)(a) or (1)(b), proves that the subsequent transferee knew or had

received a notification that the person who executed the instrument of initial transfer lacked authority to bind the partnership; or

(b) as to a transferee who gave value for property transferred under Subsection (1)(c), proves that the transferee knew or had received a notification that the property was partnership property and that the person who executed the instrument of initial transfer lacked authority to bind the partnership.

(3) A partnership may not recover partnership property from a subsequent transferee if the partnership would not have been entitled to recover the property, under Subsection (2), from any earlier transferee of the property.

(4)(a) If a person holds all the partners' interests in the partnership, all the partnership property vests in that person.

(b) [-]The person may execute a document in the name of the partnership to evidence vesting of the property in that person and may file or record the document.

Section 112. Section **16-18-303**, which is renumbered from Section 48-1d-303 is renumbered and amended to read:

[48-1d-303] 16-18-303 . Statement of partnership authority.

(1)(a) A partnership may deliver to the division for filing a statement of partnership authority.

(b) [-]The statement:

[(a)] (i) must include:

[(i)] (A) the name of the partnership; and

[(ii)] (B) if the partnership is not a limited liability partnership, the street and mailing addresses of its principal office;

[(b)] (ii) with respect to any position that exists in or with respect to the partnership, may state the authority, or limitations on the authority, of all persons holding the position to:

[(i)] (A) execute an instrument transferring real property held in the name of the partnership; or

[(ii)] (B) enter into other transactions on behalf of, or otherwise act for or bind, the partnership; and

[(c)] (iii) may state the authority, or limitations on the authority, of a specific person to:

[(i)] (A) execute an instrument transferring real property held in the name of the partnership; or

[~~(ii)~~] (B) enter into other transactions on behalf of, or otherwise act for or bind, the partnership.

(2) To amend or cancel a statement of authority filed by the division, a partnership must deliver to the division for filing an amendment or cancellation stating:

- (a) the name of the partnership;
- (b) the street and mailing addresses of the partnership's principal office;
- (c) the date the statement of authority being affected became effective; and
- (d) the contents of the amendment or a declaration that the statement of authority is canceled.

(3) A statement of authority affects only the power of a person to bind a partnership to persons that are not partners.

(4) Subject to Subsection (3) and Subsection [~~48-1d-103(4)(a)~~] 16-18-102(4)(a), and except as otherwise provided in Subsections (6), (7), and (8), a limitation on the authority of a person or a position contained in an effective statement of authority is not by itself evidence of any person's knowledge or notice of the limitation.

(5) Subject to Subsection (3), a grant of authority not pertaining to transfers of real property and contained in an effective statement of authority is conclusive in favor of a person that gives value in reliance on the grant, except to the extent that if the person gives value:

- (a) the person has knowledge to the contrary;
- (b) the statement of authority has been canceled or restrictively amended under Subsection (2); or
- (c) a limitation on the grant is contained in another statement of authority that became effective after the statement of authority containing the grant became effective.

(6) Subject to Subsection (3), an effective statement of authority that grants authority to transfer real property held in the name of the partnership and a certified copy of which is recorded in the office for recording transfers of the real property is conclusive in favor of a person that gives value in reliance on the grant without knowledge to the contrary, except to the extent that when the person gives value:

- (a) the statement of authority has been canceled or restrictively amended under Subsection (2), and a certified copy of the cancellation or restrictive amendment has been recorded in the office for recording transfers of the real property; or
- (b) a limitation on the grant is contained in another statement of authority that became effective after the statement of authority containing the grant became effective, and a

certified copy of the later-effective statement of authority is recorded in the office for recording transfers of the real property.

(7) Subject to Subsection (3), if a certified copy of an effective statement of authority containing a limitation on the authority to transfer real property held in the name of a partnership is recorded in the office for recording transfers of that real property, all persons are deemed to know of the limitation.

(8) Subject to Subsection (9), an effective statement of dissolution is a cancellation of any filed statement of authority for the purposes of Subsection (6) and is a limitation on authority for purposes of Subsection (7).

(9)(a) After a statement of dissolution becomes effective, a partnership may deliver to the division for filing and, if appropriate, may record a statement of authority that is designated as a postdissolution statement of authority.

(b) [-]The postdissolution statement of authority operates as provided in Subsections (6) and (7).

(10)(a) Unless canceled earlier, an effective statement of authority is canceled by operation of law five years after the date on which the statement of authority, or [its] the statement of authority's most recent amendment, becomes effective.

(b) [-]Cancellation is effective without recording under Subsection (6) or (7).

(11) An effective statement of denial operates as a restrictive amendment under this section and may be recorded by certified copy for purposes of Subsection (6)(a).

Section 113. Section **16-18-304**, which is renumbered from Section 48-1d-304 is renumbered and amended to read:

[48-1d-304] 16-18-304 . Statement of denial.

A person named in a filed statement of authority granting that person authority may deliver to the division for filing a statement of denial that:

- (1) provides the name of the partnership and the caption of the statement of authority to which the statement of denial pertains; and
- (2) denies the grant of authority.

Section 114. Section **16-18-305**, which is renumbered from Section 48-1d-305 is renumbered and amended to read:

[48-1d-305] 16-18-305 . Partnership liable for partner's actionable conduct.

- (1) A partnership is liable for loss or injury caused to a person, or for a penalty incurred, as a result of a wrongful act or omission, or other actionable conduct, of a partner acting in the ordinary course of activities and affairs of the partnership or with the actual or

4209 apparent authority of the partnership.

4210 (2) If, in the course of the partnership's activities and affairs or while acting with actual or
4211 apparent authority of the partnership, a partner receives or causes the partnership to
4212 receive money or property of a person not a partner, and the money or property is
4213 misapplied by a partner, the partnership is liable for the loss.

4214 Section 115. Section **16-18-306**, which is renumbered from Section 48-1d-306 is renumbered
4215 and amended to read:

4216 **[48-1d-306] 16-18-306 . Partner's liability.**

4217 (1) Except as otherwise provided in Subsections (2) and (3), all partners are liable jointly
4218 and severally for all debts, obligations, and other liabilities of the partnership unless
4219 otherwise agreed to by the claimant or provided by law.

4220 (2) A person that becomes a partner is not personally liable for a debt, obligation, or other
4221 liability of the partnership incurred before the person became a partner.

4222 (3)(a) A debt, obligation, or other liability of a partnership incurred while the partnership
4223 is a limited liability partnership is solely the debt, obligation, or other liability of the
4224 limited liability partnership.

4225 (b) [-]A partner is not personally liable, directly or indirectly, by way of contribution or
4226 otherwise, for a debt, obligation, or other liability of the limited liability partnership
4227 solely by reason of being or acting as a partner.

4228 (c) [-]This Subsection (3) applies:

4229 [(a)] (i) despite anything inconsistent in the partnership agreement that existed
4230 immediately before the vote or consent required to become a limited liability
4231 partnership under Subsection ~~[48-1d-1101(2)]~~ 16-18-1001(2); and

4232 ~~[(b)]~~ (ii) regardless of the dissolution of the limited liability partnership.

4233 (4) The failure of a limited liability partnership to observe any formalities relating to the
4234 exercise of its powers or management of its activities and affairs is not a ground for
4235 imposing liability on any partner of the limited liability partnership for a debt,
4236 obligation, or other liability of the limited liability partnership.

4237 (5) The cancellation or administrative revocation of a limited liability partnership's
4238 statement of qualification does not affect the limitation under this section on the liability
4239 of a partner for a debt, obligation, or other liability of the partnership incurred while the
4240 statement was in effect.

4241 (6)(a) Subsection (3) and ~~[Part 11, Limited Liability Partnerships]~~ Part 10, Limited
4242 Liability Partnerships, do not alter any law applicable to the relationship between a

person providing a professional service and a person receiving the professional service, including liability arising out of those professional services.

(b) [-]A person providing a professional service remains personally liable for a result of that person's act or omission.

Section 116. Section **16-18-307**, which is renumbered from Section 48-1d-307 is renumbered and amended to read:

[48-1d-307] 16-18-307 . Actions by and against partnership and partners.

(1) A partnership may sue and be sued in the name of the partnership.

(2) To the extent not inconsistent with Section [48-1d-306] 16-18-306, a partner may be joined in an action against the partnership or named in a separate action.

(3)(a) A judgment against a partnership is not by itself a judgment against a partner.

(b) [-]A judgment against a partnership may not be satisfied from a partner's assets unless there is also a judgment against the partner.

(4) A judgment creditor of a partner may not levy execution against the assets of the partner to satisfy a judgment based on a claim against the partnership unless the partner is personally liable for the claim under Section [48-1d-306] 16-18-306, and:

(a) a judgment based on the same claim has been obtained against the partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;

(b) the partnership is a debtor in bankruptcy;

(c) the partner has agreed that the creditor need not exhaust partnership assets;

(d) a court grants permission to the judgment creditor to levy execution against the assets of a partner based on a finding that partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of partnership assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or

(e) liability is imposed on the partner by law or contract independent of the existence of the partnership.

(5) This section applies to any partnership liability or obligation resulting from a representation by a partner or purported partner under Section [48-1d-308] 16-18-308.

Section 117. Section **16-18-308**, which is renumbered from Section 48-1d-308 is renumbered and amended to read:

[48-1d-308] 16-18-308 . Liability of purported partner.

(1)(a) If a person, by words or conduct, purports to be a partner, or consents to being represented by another as a partner, in a partnership or with one or more persons not

partners, the purported partner is liable to a person to whom the representation is made, if that person, relying on the representation, enters into a transaction with the actual or purported partnership.

(b) [-]If the representation, either by the purported partner or by a person with the purported partner's consent, is made in a public manner, the purported partner is liable to a person who relies upon the purported partnership even if the purported partner is not aware of being held out as a partner to the claimant.

(c) [-]If partnership liability results, the purported partner is liable with respect to that liability as if the purported partner were a partner.

(d) [-]If no partnership liability results, the purported partner is liable with respect to that liability jointly and severally with any other person consenting to the representation.

(2)(a) If a person is thus represented to be a partner in an existing partnership, or with one or more persons not partners, the purported partner is an agent of persons consenting to the representation to bind them to the same extent and in the same manner as if the purported partner were a partner, with respect to persons who enter into transactions in reliance upon the representation.

(b) [-]If all the partners of the existing partnership consent to the representation, a partnership act or obligation results.

(c) [-]If fewer than all the partners of the existing partnership consent to the representation, the person acting and the partners consenting to the representation are jointly and severally liable.

(3) A person is not liable as a partner merely because the person is named by another in a statement of partnership authority.

(4) A person does not continue to be liable as a partner merely because of a failure to file a statement of dissociation or to amend a statement of partnership authority to indicate the partner's dissociation from the partnership.

(5) Except as otherwise provided in Subsections (1) and (2), persons who are not partners as to each other are not liable as partners to other persons.

Section 118. Section **16-18-401**, which is renumbered from Section 48-1d-401 is renumbered and amended to read:

Part 4. Relations of Partners to Each Other and to Partnership

[48-1d-401] 16-18-401 . Becoming partner.

(1) Upon formation of a partnership, a person becomes a partner under Subsection [

48-1d-202(1)] 16-18-202(1).

(2) After formation of a partnership, a person becomes a partner:

(a) as provided in the partnership agreement;

(b) as a result of a transaction effective under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication; or

(c) with the consent of all the partners.

(3) A person may become a partner without either:

(a) acquiring a transferable interest; or

(b) making or being obligated to make a contribution to the partnership.

Section 119. Section **16-18-402**, which is renumbered from Section 48-1d-402 is renumbered and amended to read:

[~~48-1d-402~~] 16-18-402 . Management rights of partners.

(1) Each partner has equal rights in the management and conduct of the partnership's activities and affairs.

(2) A partner may use or possess partnership property only on behalf of the partnership.

(3) A partner is not entitled to remuneration for services performed for the partnership, except for reasonable compensation for services rendered in winding up the activities and affairs of the partnership.

(4) A difference arising among partners as to a matter in the ordinary course of the activities of the partnership shall be decided by a majority of the partners.

(5)(a) An act outside the ordinary course of the activities and affairs of the partnership may be undertaken only with the consent of all partners.

(b) [~~-~~]An act outside the ordinary course of business of a partnership, an amendment to the partnership agreement, and the approval of a transaction under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, may be undertaken only with the affirmative vote or consent of all of the partners.

Section 120. Section **16-18-403**, which is renumbered from Section 48-1d-403 is renumbered and amended to read:

[~~48-1d-403~~] 16-18-403 . Rights of partners and person dissociated as partner to information.

- 4345 (1) A partnership shall keep [its] the partnership's books and records, if any, at [its] the
4346 partnership's principal office.
- 4347 (2) On reasonable notice, a partner may inspect and copy during regular business hours, at a
4348 reasonable location specified by the partnership, any record maintained by the
4349 partnership regarding the partnership's activities, affairs, financial condition, and other
4350 circumstances, to the extent the information is material to the partner's rights and duties
4351 under the partnership agreement or this chapter.
- 4352 (3) The partnership shall furnish to each partner:
- 4353 (a) without demand, any information concerning the partnership's activities, affairs,
4354 financial condition, and other circumstances which the partnership knows and is
4355 material to the proper exercise of the partner's rights and duties under the partnership
4356 agreement or this chapter, except to the extent the partnership can establish that [it]
4357 the partnership reasonably believes the partner already knows the information; and
- 4358 (b) on demand, any other information concerning the partnership's activities, affairs,
4359 financial condition, and other circumstances, except to the extent the demand or
4360 information demanded is unreasonable or otherwise improper under the
4361 circumstances.
- 4362 (4) The duty to furnish information under Subsection (3) also applies to each partner to the
4363 extent the partner knows any of the information described in Subsection (3).
- 4364 (5) Subject to Subsection (8), on 10 days' demand made in a record received by a
4365 partnership, a person dissociated as a partner may have access to information to which
4366 the person was entitled while a partner if:
- 4367 (a) the information pertains to the period during which the person was a partner;
4368 (b) the person seeks the information in good faith; and
4369 (c) the person satisfies the requirements imposed on a partner by Subsection (2).
- 4370 (6) Not later than 10 days after receiving a demand under Subsection (5), the partnership in
4371 a record shall inform the person that made the demand of:
- 4372 (a) the information that the partnership will provide in response to the demand and when
4373 and where the partnership will provide the information; and
4374 (b) the partnership's reasons for declining, if the partnership declines to provide any
4375 demanded information.
- 4376 (7) A partnership may charge a person that makes a demand under this section the
4377 reasonable costs of copying, limited to the costs of labor and material.
- 4378 (8)(a) A partner or person dissociated as a partner may exercise rights under this section

through an agent or, in the case of an individual under legal disability, a legal representative.

(b) [-]Any restriction or condition imposed by the partnership agreement or under Subsection (11) applies both to the agent or legal representative and the partner or person dissociated as a partner.

(9) The rights under this section do not extend to a person as transferee.

(10) If a partner dies, Section ~~[48-1d-605]~~ 16-18-605 applies.

(11)(a) In addition to any restriction or condition stated in the partnership agreement, a partnership, as a matter within the ordinary course of its business, may impose reasonable restrictions and conditions on access to and use of information to be furnished under this section, including designating information confidential and imposing nondisclosure and safeguarding obligations on the recipient.

(b) [-]In a dispute concerning the reasonableness of a restriction under this subsection, the partnership has the burden of proving reasonableness.

Section 121. Section **16-18-404**, which is renumbered from Section ~~48-1d-404~~ is renumbered and amended to read:

~~[48-1d-404]~~ 16-18-404 . Reimbursement, indemnification, advancement, and insurance.

(1) A partnership shall reimburse a partner for any payment made by the partner in the course of the partner's activities on behalf of the partnership, if the partner complied with Sections ~~[48-1d-402]~~ 16-18-402 and ~~[48-1d-405]~~ 16-18-405 in making the payment.

(2) A partnership shall indemnify and hold harmless a person with respect to any claim or demand against the person and any debt, obligation, or other liability incurred by the person by reason of the person's former or present capacity as a partner, if the claim, demand, debt, obligation, or other liability does not arise from the person's breach of Section ~~[48-1d-402]~~ 16-18-402, ~~[48-1d-405]~~ 16-18-405, or ~~[48-1d-504]~~ 16-18-504.

(3) In the ordinary course of ~~[its]~~ the partnership's activities and affairs, a partnership may advance reasonable expenses, including attorney's fees and costs, incurred by a person in connection with a claim or demand against the person by reason of the person's former or present capacity as a partner, if the person promises to repay the partnership if the person ultimately is determined not to be entitled to be indemnified under Subsection (2).

(4) A partnership may purchase and maintain insurance on behalf of a partner against liability asserted against or incurred by the partner in that capacity or arising from that status even if, under Subsection ~~[48-1d-106(3)(g)]~~ 16-18-105(3)(g), the partnership

4413 agreement could not eliminate or limit the person's liability to the partnership for the
4414 conduct giving rise to the liability.

4415 (5) A partnership shall reimburse a partner for an advance to the partnership beyond the
4416 amount of capital the partner agreed to contribute.

4417 (6) A payment or advance made by a partner which gives rise to a partnership obligation
4418 under Subsection (1) or (5) constitutes a loan to the partnership which accrues interest
4419 from the date of the payment or advance.

4420 Section 122. Section **16-18-405**, which is renumbered from Section 48-1d-405 is renumbered
4421 and amended to read:

4422 **[48-1d-405] 16-18-405 . Standards of conduct for partners.**

4423 (1) A partner owes to the partnership and the other partners the duties of loyalty and care
4424 stated in Subsections (2) and (3).

4425 (2) The duty of loyalty of a partner includes the duties:

4426 (a) to account to the partnership and hold as trustee for it any property, profit, or benefit
4427 derived by the partner:

4428 (i) in the conduct or winding up of the partnership's activities and affairs;

4429 (ii) from a use by the partner of the partnership's property; or

4430 (iii) from the appropriation of a partnership opportunity;

4431 (b) to refrain from dealing with the partnership in the conduct or winding up of the
4432 partnership's activities and affairs as or on behalf of a person having an interest
4433 adverse to the partnership; and

4434 (c) to refrain from competing with the partnership in the conduct of the partnership's
4435 activities and affairs before the dissolution of the partnership.

4436 (3) The duty of care of a partner in the conduct or winding up of the partnership's activities
4437 and affairs is to refrain from engaging in grossly negligent or reckless conduct,
4438 intentional misconduct, or a knowing violation of law.

4439 (4) A partner shall discharge the duties and obligations under this chapter or under the
4440 partnership agreement and exercise any rights consistently with the contractual
4441 obligation of good faith and fair dealing.

4442 (5) A partner does not violate a duty or obligation under this chapter or under the
4443 partnership agreement solely because the partner's conduct furthers the partner's own
4444 interest.

4445 (6) All the partners may authorize or ratify, after full disclosure of all material facts, a
4446 specific act or transaction that otherwise would violate the duty of loyalty.

(7) It is a defense to a claim under Subsection (2)(b) and any comparable claim in equity or at common law that the transaction was fair to the partnership.

(8) If, as permitted by Subsection (6) or the partnership agreement, a partner enters into a transaction with the partnership which otherwise would be prohibited by Subsection (2)(b), the partner's rights and obligations arising from the transaction are the same as those of a person that is not a partner.

Section 123. Section **16-18-406**, which is renumbered from Section 48-1d-406 is renumbered and amended to read:

[48-1d-406] 16-18-406 . Actions by partnership and partners.

(1) A partnership may maintain an action against a partner for a breach of the partnership agreement, or for the violation of a duty to the partnership, causing harm to the partnership.

(2) A partner may maintain an action against the partnership or another partner for legal or equitable relief, with or without an accounting as to the partnership's activities and affairs, to:

(a) enforce the partner's rights under the partnership agreement;

(b) enforce the partner's rights under this chapter; or

(c) enforce the rights and otherwise protect the interests of the partner, including rights and interests arising independently of the partnership relationship.

(3)(a) The accrual of, and any time limitation on, a right of action for a remedy under this section is governed by other law.

(b) [-]A right to an accounting upon a dissolution and winding up does not revive a claim barred by law.

Section 124. Section **16-18-407**, which is renumbered from Section 48-1d-407 is renumbered and amended to read:

[48-1d-407] 16-18-407 . Continuation of partnership beyond definite term or particular undertaking.

(1) If a partnership for a definite term or particular undertaking is continued, without an express agreement, after the expiration of the term or completion of the undertaking, the rights and duties of the partners remain the same as they were at the expiration or completion, so far as is consistent with a partnership at will.

(2) If the partners, or those of them who habitually acted in the business during the term or undertaking, continue the business without any settlement or liquidation of the partnership, they are presumed to have agreed that the partnership will continue.

Section 125. Section **16-18-501**, which is renumbered from Section 48-1d-501 is renumbered and amended to read:

Part 5. Contributions and Distributions

[48-1d-501] 16-18-501 . Form of contribution.

A contribution may consist of property transferred to, services performed for, or other benefit provided to the partnership or an agreement to transfer property to, perform services for, or provide another benefit to the partnership.

Section 126. Section **16-18-502**, which is renumbered from Section 48-1d-502 is renumbered and amended to read:

[48-1d-502] 16-18-502 . Liability for contribution.

- (1) A person's obligation to make a contribution to a partnership is not excused by the person's death, disability, dissolution, or other inability to perform personally.
- (2) If a person does not fulfill an obligation to make a contribution other than money, the person is obligated at the option of the partnership to contribute money equal to the value of the part of the contribution which has not been made.
- (3)(a) The obligation of a person to make a contribution may be compromised only by consent of all partners.
- (b) [-]If a creditor of a limited liability partnership extends credit or otherwise acts in reliance on an obligation described in Subsection (1), without notice of a compromise under this Subsection (3), the creditor may enforce the obligation.

Section 127. Section **16-18-503**, which is renumbered from Section 48-1d-503 is renumbered and amended to read:

[48-1d-503] 16-18-503 . Sharing of and right to distributions before dissolution.

- (1) Any distributions made by a partnership before [its] the partnership's dissolution and winding up must be in equal shares among partners, except to the extent necessary to comply with a transfer effective under Section [48-1d-603] 16-18-603 or charging order in effect under Section [48-1d-604] 16-18-604.
- (2) A person has a right to a distribution before the dissolution and winding up of a partnership only if the partnership decides to make an interim distribution.
- (3)(a) A person does not have a right to demand or receive a distribution from a partnership in any form other than money.
- (b) [-]Except as otherwise provided in Section [48-1d-906] 16-18-906, a partnership may distribute an asset in kind only if each part of the asset is fungible with each other part and each person receives a percentage of the asset equal in value to the person's

4515 share of distributions.

4516 (4)(a) If a partner or transferee becomes entitled to receive a distribution, the partner or
4517 transferee has the status of, and is entitled to all remedies available to, a creditor of
4518 the partnership with respect to the distribution.

4519 (b) [-]However, the partnership's obligation to make a distribution is subject to offset for
4520 any amount owed to the partnership by the partner or a person dissociated as partner
4521 on whose account the distribution is made.

4522 Section 128. Section **16-18-504**, which is renumbered from Section 48-1d-504 is renumbered
4523 and amended to read:

4524 **[48-1d-504] 16-18-504 . Limitation on distributions by limited liability**
4525 **partnership.**

4526 (1) A limited liability partnership may not make a distribution, including a distribution
4527 under Section [48-1d-906] 16-18-906, if after the distribution:

4528 (a) the limited liability partnership would not be able to pay [its] the limited liability
4529 partnership's debts as [they] the debts become due in the ordinary course of the
4530 partnership's activities and affairs; or

4531 (b) the limited liability partnership's total assets would be less than the sum of [its] the
4532 limited liability partnership's total liabilities plus, unless the partnership agreement
4533 permits otherwise, the amount that would be needed, if the partnership were to be
4534 dissolved and wound up at the time of the distribution, to satisfy the preferential
4535 rights upon dissolution and winding up of partners and transferees whose preferential
4536 rights are superior to the right to receive distributions of the persons receiving the
4537 distribution.

4538 (2) A limited liability partnership may base a determination that a distribution is not
4539 prohibited under Subsection (1) on:

4540 (a) financial statements prepared on the basis of accounting practices and principles that
4541 are reasonable in the circumstances; or

4542 (b) a fair valuation or other method that is reasonable under the circumstances.

4543 (3) Except as otherwise provided in Subsection (5), the effect of a distribution under
4544 Subsection (1) is measured:

4545 (a) in the case of a distribution as defined in Subsection [48-1d-102(4)(a)]
4546 16-18-101(4)(a), as of the earlier of the date:

4547 (i) money or other property is transferred or debt is incurred by the limited liability
4548 partnership; or

- 4549 (ii) the person entitled to the distribution ceases to own the interest or rights being
 4550 acquired by the limited liability partnership in return for the distribution;
- 4551 (b) in the case of any other distribution of indebtedness, as of the date the indebtedness
 4552 is distributed; and
- 4553 (c) in all other cases, as of the date:
- 4554 (i) the distribution is authorized, if the payment occurs not later than 120 days after
 4555 that date; or
- 4556 (ii) the payment is made, if the payment occurs more than 120 days after the
 4557 distribution is authorized.
- 4558 (4) A limited liability partnership's indebtedness to a partner or transferee incurred by
 4559 reason of a distribution made in accordance with this section is at parity with the limited
 4560 liability partnership's indebtedness to its general, unsecured creditors, except to the
 4561 extent subordinated by agreement.
- 4562 (5)(a) A limited liability partnership's indebtedness, including indebtedness issued as a
 4563 distribution, is not a liability for purposes of Subsection (1) if the terms of the
 4564 indebtedness provide that payment of principal and interest is made only if and to the
 4565 extent that a payment of a distribution could then be made under this section.
- 4566 (b) [-]If the indebtedness is issued as a distribution, each payment of principal or
 4567 interest is treated as a distribution, the effect of which is measured on the date the
 4568 payment is made.
- 4569 (6) In measuring the effect of a distribution under Section ~~[48-1d-906]~~ 16-18-906, the
 4570 liabilities of a dissolved limited liability partnership do not include any claim that has
 4571 been disposed of under Sections ~~[48-1d-907]~~ 16-18-907, ~~[48-1d-908]~~ 16-18-908, and [
 4572 ~~48-1d-909]~~ 16-18-909.
- 4573 Section 129. Section **16-18-505**, which is renumbered from Section 48-1d-505 is renumbered
 4574 and amended to read:
- 4575 **[48-1d-505] 16-18-505 . Liability for improper distributions by a limited liability**
 4576 **partnership.**
- 4577 (1) If a partner of a limited liability partnership consents to a distribution made in violation
 4578 of Section ~~[48-1d-504]~~ 16-18-504 and in consenting to the distribution fails to comply
 4579 with Section ~~[48-1d-405]~~ 16-18-405, the partner is personally liable to the limited
 4580 liability partnership for the amount of the distribution which exceeds the amount that
 4581 could have been distributed without the violation of Section ~~[48-1d-504]~~ 16-18-504.
- 4582 (2) A person that receives a distribution knowing that the distribution violated Section [

4583 ~~48-1d-504]~~ 16-18-504 is personally liable to the limited liability partnership but only to
4584 the extent that the distribution received by the person exceeded the amount that could
4585 have been properly paid under Section [~~48-1d-504]~~ 16-18-504.

4586 (3) A person against which an action is commenced because the person is liable under
4587 Subsection (1) may:

4588 (a) implead any other person that is liable under Subsection (1) and seek to enforce a
4589 right of contribution from the person; and

4590 (b) implead any person that received a distribution in violation of Subsection (2) and
4591 seek to enforce a right of contribution from the person in the amount the person
4592 received in violation of Subsection (2).

4593 (4) An action under this section is barred unless commenced not later than two years after
4594 the distribution.

4595 Section 130. Section **16-18-601**, which is renumbered from Section 48-1d-601 is renumbered
4596 and amended to read:

4597 **Part 6. Transfer Interests and Rights of Transferees and Creditors**

4598 **~~[48-1d-601]~~ 16-18-601 . Partner not co-owner of partnership property.**

4599 A partner is not a co-owner of partnership property and has no interest in partnership
4600 property which can be transferred, either voluntarily or involuntarily.

4601 Section 131. Section **16-18-602**, which is renumbered from Section 48-1d-602 is renumbered
4602 and amended to read:

4603 **~~[48-1d-602]~~ 16-18-602 . Nature of transferable interest.**

4604 A transferable interest is personal property.

4605 Section 132. Section **16-18-603**, which is renumbered from Section 48-1d-603 is renumbered
4606 and amended to read:

4607 **~~[48-1d-603]~~ 16-18-603 . Transfer of transferable interest.**

4608 (1) A transfer, in whole or in part, of a transferable interest:

4609 (a) is permissible;

4610 (b) does not by itself cause a person's dissociation or a dissolution and winding up of the
4611 partnership's activities and affairs; and

4612 (c) subject to Section [~~48-1d-605]~~ 16-18-605, does not entitle the transferee to:

4613 (i) participate in the management or conduct of the partnership's activities and affairs;

4614 or

4615 (ii) except as otherwise provided in Subsection (3), have access to records or other
4616 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)~~] 16-18-901(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)~~] 16-18-701(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~~] 16-18-502 and [~~48-1d-505~~] 16-18-505 known to the transferee when the transferee becomes a partner.

Section 133. Section **16-18-604**, which is renumbered from Section 48-1d-604 is renumbered and amended to read:

[~~48-1d-604~~] 16-18-604 . Charging order.

- (1)(a) 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.
- (b) [-]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

- 4651 make all inquiries the judgment debtor might have made; and
- 4652 (b) make all other orders necessary to give effect to the charging order.
- 4653 (3)(a) Upon a showing that distributions under a charging order will not pay the
- 4654 judgment debt within a reasonable time, the court may foreclose the lien and order
- 4655 the sale of the transferable interest.
- 4656 (b) ~~[-]~~The purchaser at the foreclosure sale obtains only the transferable interest, does
- 4657 not thereby become a partner, and is subject to Section ~~[48-1d-603]~~ 16-18-603.
- 4658 (4) At any time before foreclosure under Subsection (3), the partner or transferee whose
- 4659 transferable interest is subject to a charging order under Subsection (1) may extinguish
- 4660 the charging order by satisfying the judgment and filing a certified copy of the
- 4661 satisfaction with the court that issued the charging order.
- 4662 (5) At any time before foreclosure under Subsection (3), a partnership or one or more
- 4663 partners whose transferable interests are not subject to the charging order may pay to the
- 4664 judgment creditor the full amount due under the judgment and thereby succeed to the
- 4665 rights of the judgment creditor, including the charging order.
- 4666 (6) This chapter does not deprive any partner or transferee of the benefit of any exemption
- 4667 law applicable to the transferable interest of the partner or transferee.
- 4668 (7) This section provides the exclusive remedy by which a person seeking to enforce a
- 4669 judgment against a partner or transferee, in the capacity of judgment creditor, may
- 4670 satisfy the judgment from the judgment debtor's transferable interest.
- 4671 Section 134. Section **16-18-605**, which is renumbered from Section 48-1d-605 is renumbered
- 4672 and amended to read:

4673 **~~[48-1d-605]~~ 16-18-605 . Power of legal representative of deceased partner.**

4674 If a partner dies, the deceased partner's legal representative may exercise:

- 4675 (1) the rights of a transferee provided in Subsection ~~[48-1d-603(3)]~~ 16-18-603(3); and
- 4676 (2) for purposes of settling the estate, the rights the deceased partner had under Section [
- 4677 ~~48-1d-403]~~ 16-18-403.

4678 Section 135. Section **16-18-701**, which is renumbered from Section 48-1d-701 is renumbered

4679 and amended to read:

4680 **Part 7. Dissociation**

4681 **~~[48-1d-701]~~ 16-18-701 . Events causing dissociation.**

4682 A person is dissociated as a partner when:

- 4683 (1) the partnership has notice of the person's express will to withdraw as a partner, but, if
- 4684 the person specified a withdrawal date later than the date the partnership had notice, on

that later date;

(2) an event stated in the partnership agreement as causing the person's dissociation occurs;

(3) the person is expelled as a partner ~~[pursuant to]~~ in accordance with the partnership agreement;

(4) the person is expelled as a partner by the unanimous vote or consent of the other partners if:

(a) it is unlawful to carry on the partnership's activities and affairs with the person as a partner;

(b) there has been a transfer of all of the person's transferable interest in the partnership, other than:

(i) a transfer for security purposes; or

(ii) a charging order in effect under Section ~~[48-1d-604]~~ 16-18-604, which has not been foreclosed;

(c) the person is a corporation and:

(i) the partnership notifies the person that ~~[it]~~ the person will be expelled as a partner because the person has filed a statement of dissolution or the equivalent, ~~[its]~~ the person's charter has been revoked, or ~~[its]~~ the person's right to conduct business has been suspended by the jurisdiction of ~~[its]~~ the person's incorporation; and

(ii) not later than 90 days after the notification, the statement of dissolution or the equivalent has not been revoked or the charter or right to conduct business has not been reinstated; or

(d) the person is an unincorporated entity that has been dissolved and whose business is being wound up;

(5) on application by the partnership or another partner, the person is expelled as a partner by judicial order because the person:

(a) has engaged or is engaging in wrongful conduct that has affected adversely and materially, or will affect adversely and materially, the partnership's activities and affairs;

(b) has committed willfully or persistently, or is committing willfully or persistently, a material breach of the partnership agreement or a duty or obligation under Section ~~[48-1d-405]~~ 16-18-405; or

(c) engaged or is engaging in conduct relating to the partnership's activities and affairs which makes it not reasonably practicable to carry on the partnership's activities and affairs with the person as a partner;

- (6) in the case of an individual:
- (a) the individual dies;
 - (b) a guardian or general conservator for the individual is appointed; or
 - (c) a court orders that the individual has otherwise become incapable of performing the individual's duties as a partner under this chapter or the partnership agreement;
- (7) the person:
- (a) becomes a debtor in bankruptcy;
 - (b) executes an assignment for the benefit of creditors; or
 - (c) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the person or of all, or substantially all, of the person's property;
- (8) in the case of a person that is a testamentary or inter vivos trust or is acting as a partner by virtue of being a trustee of such a trust, the trust's entire transferable interest in the partnership is distributed;
- (9) in the case of a person that is an estate or is acting as a partner by virtue of being a personal representative of an estate, the estate's entire transferable interest in the partnership is distributed, but not merely by reason of the substitution of a successor personal representative;
- (10) in the case of a person that is not an individual, corporation, unincorporated entity, trust, or estate, the existence of the person terminates;
- (11) the partnership participates in a merger under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, and:
- (a) the partnership is not the surviving entity; or
 - (b) otherwise as a result of the merger, the person ceases to be a partner;
- (12) the partnership participates in an interest exchange under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 8, Interest Exchange, and, as a result of the interest exchange, the person ceases to be a partner;
- (13) the partnership participates in a conversion under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 9, Conversion;
- (14) the partnership participates in a domestication under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 10, Domestication, and, as a result of the domestication, the person ceases to be a partner; or
- (15) the partnership dissolves and completes winding up.

Section 136. Section **16-18-702**, which is renumbered from Section 48-1d-702 is renumbered and amended to read:

[48-1d-702] 16-18-702 . Power to dissociate as partner -- Wrongful dissociation.

- (1) A person has the power to dissociate as a partner at any time, rightfully or wrongfully, by withdrawing as a partner by express will under Subsection [48-1d-701(1)] 16-18-701(1).
- (2) A person's dissociation as a partner is wrongful only if the dissociation:
- (a) is in breach of an express provision of the partnership agreement; or
 - (b) in the case of a partnership for a definite term or particular undertaking, occurs before the expiration of the term or the completion of the undertaking and:
 - (i) the person withdraws by express will, unless the withdrawal follows not later than 90 days after another person's dissociation by death or otherwise under Subsections [48-1d-701(6)] 16-18-701(6) through (10) or wrongful dissociation under this subsection;
 - (ii) the person is expelled by judicial order under Subsection [48-1d-701(5)] 16-18-701(5);
 - (iii) the person is dissociated under Subsection [48-1d-701(7)] 16-18-701(7); or
 - (iv) in the case of a person that is not a trust other than a business trust, an estate, an individual, or a trust other than a business trust, the person is expelled or otherwise dissociated because it willfully dissolved or terminated.
- (3)(a) A person that wrongfully dissociates is liable to the partnership and to the other partners for damages caused by the dissociation.
- (b) [-]The liability is in addition to any debt, obligation, or other liability of the partner to the partnership or the other partners.

Section 137. Section **16-18-703**, which is renumbered from Section 48-1d-703 is renumbered and amended to read:

[48-1d-703] 16-18-703 . Effect of dissociation.

- (1) If a person's dissociation results in a dissolution and winding up of the partnership's activities and affairs, Part 9, Dissolution and Winding Up, applies, otherwise, Part 8, Partner's Dissociation When Business Not Wound Up, applies.
- (2) If a person is dissociated as a partner:
- (a) the person's right to participate in the management and conduct of the partnership's activities and affairs terminates, except as otherwise provided in Subsection [48-1d-902(3)] 16-18-902(3); and
 - (b) the person's duties and obligations under Section [48-1d-405] 16-18-405:
 - (i) end with regard to matters arising and events occurring after the person's

dissociation; and

- (ii) continue only with regard to matters arising and events occurring before the person's dissociation, unless the partner participates in winding up the partnership's activities and affairs [~~pursuant to~~] in accordance with Section [~~48-1d-902~~] 16-18-902.

- (3) A person's dissociation does not of itself discharge the person from a debt, obligation, or other liability to the partnership or the other partners which the person incurred while a partner.

Section 138. Section **16-18-801**, which is renumbered from Section 48-1d-801 is renumbered and amended to read:

Part 8. Partner's Dissociation When Business Not Wound Up

[~~48-1d-801~~] 16-18-801 . Purchase of interest of person dissociated as partner.

- (1) If a person is dissociated as a partner without the dissociation resulting in a dissolution and winding up of the partnership's activities and affairs under Section [~~48-1d-901~~] 16-18-901, the partnership shall cause the person's interest in the partnership to be purchased for a buyout price determined [~~pursuant to~~] in accordance with Subsection (2).
- (2) The buyout price of the interest of a person dissociated as a partner is the amount that would have been distributable to the person under Subsection [~~48-1d-906(2)~~] 16-18-906(2) if, on the date of dissociation, the assets of the partnership were sold and the partnership were wound up, with the sale price equal to the greater of:
- (a) the liquidation value; or
- (b) the value based on a sale of the entire business as a going concern without the person.
- (3) Interest accrues on the buyout price from the date of dissociation to the date of payment, but damages for wrongful dissociation under Subsection [~~48-1d-702(2)~~] 16-18-702(2), and all other amounts owing, whether or not presently due, from the person dissociated as a partner to the partnership, must be offset against the buyout price.
- (4) A partnership shall defend, indemnify, and hold harmless a person dissociated as a partner whose interest is being purchased against all partnership liabilities, whether incurred before or after the dissociation, except liabilities incurred by an act of the person dissociated as a partner under Section [~~48-1d-802~~] 16-18-802.
- (5) If no agreement for the purchase of the interest of a person dissociated as a partner is reached not later than 120 days after a written demand for payment, the partnership shall pay, or cause to be paid, in money to the person the amount the partnership estimates to be the buyout price and accrued interest, reduced by any offsets and accrued interest

under Subsection (3).

(6) If a deferred payment is authorized under Subsection (8), the partnership may tender a written offer to pay the amount it estimates to be the buyout price and accrued interest, reduced by any offsets under Subsection (3), stating the time of payment, the amount and type of security for payment, and the other terms and conditions of the obligation.

(7) The payment or tender required by Subsection (5) or (6) must be accompanied by the following:

- (a) a statement of partnership assets and liabilities as of the date of dissociation;
- (b) the latest available partnership balance sheet and income statement, if any;
- (c) an explanation of how the estimated amount of the payment was calculated; and
- (d) written notice that the payment is in full satisfaction of the obligation to purchase unless, not later than 120 days after the written notice, the person dissociated as a partner commences an action to determine the buyout price, any offsets under Subsection (3), or other terms of the obligation to purchase.

(8)(a) A person that wrongfully dissociates as a partner before the expiration of a definite term or the completion of a particular undertaking is not entitled to payment of any part of the buyout price until the expiration of the term or completion of the undertaking, unless the person establishes to the satisfaction of the court that earlier payment will not cause undue hardship to the business of the partnership.

(b) [-]A deferred payment must be adequately secured and bear interest.

(9)(a) A person dissociated as a partner may maintain an action against the partnership, [pursuant to] in accordance with Subsection [~~48-1d-406(2)~~] 16-18-406(2), to determine the buyout price of that person's interest, any offsets under Subsection (3), or other terms of the obligation to purchase.

(b) [-]The action must be commenced not later than 120 days after the partnership has tendered payment or an offer to pay or within one year after written demand for payment if no payment or offer to pay is tendered.

(c) [-]The court shall determine the buyout price of the person's interest, any offset due under Subsection (3), and accrued interest, and enter judgment for any additional payment or refund.

(d) [-]If deferred payment is authorized under Subsection (8), the court shall also determine the security for payment and other terms of the obligation to purchase.[-]

(e) The court may assess reasonable attorney's fees and the fees and expenses of appraisers or other experts for a party to the action, in amounts the court finds

4855 equitable, against a party that the court finds acted arbitrarily, vexatiously, or not in
4856 good faith.

4857 (f) [–]The finding may be based on the partnership's failure to tender payment or an
4858 offer to pay or to comply with Subsection (7).

4859 Section 139. Section **16-18-802**, which is renumbered from Section 48-1d-802 is renumbered
4860 and amended to read:

4861 **[48-1d-802] 16-18-802 . Power to bind and liability of person dissociated as**
4862 **partner.**

4863 (1) After a person is dissociated as a partner without the dissociation resulting in a
4864 dissolution and winding up of the partnership's activities and affairs and before the
4865 partnership is merged out of existence, converted, or domesticated under [~~Part 10;~~
4866 ~~Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger,
4867 Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a,
4868 Part 10, Domestication, or dissolved, the partnership is bound by an act of the person
4869 only if:

4870 (a) the act would have bound the partnership under Section [~~48-1d-301~~] 16-18-301
4871 before dissociation; and

4872 (b) at the time the other party enters into the transaction:

4873 (i) less than two years has passed since the dissociation; and

4874 (ii) the other party does not know or have notice of the dissociation and reasonably
4875 believes that the person is a partner.

4876 (2) If a partnership is bound under Subsection (1), the person dissociated as a partner which
4877 caused the partnership to be bound is liable:

4878 (a) to the partnership for any damage caused to the partnership arising from the
4879 obligation incurred under Subsection (1); and

4880 (b) if a partner or another person dissociated as a partner is liable for the obligation, to
4881 the partner or other person for any damage caused to the partner or other person
4882 arising from the liability.

4883 Section 140. Section **16-18-803**, which is renumbered from Section 48-1d-803 is renumbered
4884 and amended to read:

4885 **[48-1d-803] 16-18-803 . Liability of person dissociated as partner to other**
4886 **persons.**

4887 (1)(a) A person's dissociation as a partner does not of itself discharge the person's
4888 liability as a partner for a debt, obligation, or other liability of the partnership

4889 incurred before dissociation.

4890 (b) [-]Except as otherwise provided in Subsection (2), the person is not liable for a
4891 partnership obligation incurred after dissociation.

4892 (2) A person that has dissociated as a partner without the dissociation resulting in a
4893 dissolution and winding up of the partnership's activities and affairs is liable on a
4894 transaction entered into by the partnership after the dissociation only if:

4895 (a) a partner would be liable on the transaction; and

4896 (b) at the time the other party enters into the transaction:

4897 (i) less than two years has passed since the dissociation; and

4898 (ii) the other party does not have knowledge or notice of the dissociation and
4899 reasonably believes that the person is a partner.

4900 (3) By agreement with a creditor of a partnership and the partnership, a person dissociated
4901 as a partner may be released from liability for an obligation of the partnership.

4902 (4) A person dissociated as a partner is released from liability for an obligation of the
4903 partnership if the partnership's creditor, with knowledge or notice of the person's
4904 dissociation but without the person's consent, agrees to a material alteration in the nature
4905 or time of payment of the obligation.

4906 Section 141. Section **16-18-804**, which is renumbered from Section 48-1d-804 is renumbered
4907 and amended to read:

4908 **[48-1d-804] 16-18-804 . Statement of dissociation.**

4909 (1) A person dissociated as a partner or the partnership may file a statement of dissociation
4910 stating the name of the partnership and that the partner is dissociated from the
4911 partnership.

4912 (2) A statement of dissociation is a limitation on the authority of a person dissociated as a
4913 partner for the purposes of Subsections [48-1d-303(4)] 16-18-303(4) and (5).

4914 Section 142. Section **16-18-805**, which is renumbered from Section 48-1d-805 is renumbered
4915 and amended to read:

4916 **[48-1d-805] 16-18-805 . Continued use of partnership name.**

4917 Continued use of a partnership name, or name of a person dissociated as a partner as part
4918 of the partnership name, by partners continuing the business does not of itself make the person
4919 dissociated as a partner liable for an obligation of the partners or the partnership continuing the
4920 business.

4921 Section 143. Section **16-18-901**, which is renumbered from Section 48-1d-901 is renumbered
4922 and amended to read:

Part 9. Dissolution and Winding Up

[48-1d-901] 16-18-901 . Events causing dissolution.

A partnership is dissolved, and the partnership's activities and affairs must be wound up, upon the occurrence of any of the following:

- (1) in a partnership at will, the partnership has notice of a person's express will to withdraw as a partner, other than a partner that has dissociated under Subsections [48-1d-701(2)] 16-18-701(2) through (10), but, if the person specifies a withdrawal date later than the date the partnership had notice, on the later date;
- (2) in a partnership for a definite term or particular undertaking:
 - (a) within 90 days after a person's dissociation by death or otherwise under Subsections [48-1d-701(6)] 16-18-701(6) through (10) or wrongful dissociation under Subsection [48-1d-702(2)] 16-18-702(2), the affirmative vote or consent of at least half of the remaining partners to wind up the partnership's activities and affairs, for which purpose a person's rightful dissociation [~~pursuant to~~] in accordance with Subsection [48-1d-702(2)(b)(i)] 16-18-702(2)(b)(i) constitutes the expression of that partner's consent to wind up the partnership's activities and affairs;
 - (b) the express consent of all the partners to wind up the partnership's activities and affairs; or
 - (c) the expiration of the term or the completion of the undertaking;
- (3) an event or circumstance that the partnership agreement states causes dissolution;
- (4) upon a petition brought by a partner, the entry of a court order dissolving the partnership on the ground that:
 - (a) the conduct of all or substantially all the partnership's activities and affairs is unlawful;
 - (b) the economic purpose of the partnership is likely to be unreasonably frustrated;
 - (c) another partner has engaged in conduct relating to the partnership's activities and affairs which makes it not reasonably practicable to carry on the business in partnership with that partner; or
 - (d) it is not otherwise reasonably practicable to carry on the partnership's activities and affairs in conformity with the partnership agreement;
- (5) upon a petition brought by a transferee, the entry of a court order dissolving the partnership on the ground that it is equitable to wind up the partnership's activities and affairs:
 - (a) after the expiration of the term or completion of the undertaking, if the partnership

was for a definite term or particular undertaking at the time of the transfer or entry of the charging order that gave rise to the transfer; or

- (b) at any time, if the partnership was a partnership at will at the time of the transfer or entry of the charging order that gave rise to the transfer; or
- (6) the passage of 90 consecutive days during which the partnership does not have at least two partners.

Section 144. Section **16-18-902**, which is renumbered from Section 48-1d-902 is renumbered and amended to read:

[48-1d-902] 16-18-902 . Winding up.

- (1)(a) A dissolved partnership shall wind up the partnership's activities and affairs.
- (b) Except as otherwise provided in Section [48-1d-903] 16-18-903, a partnership only continues after dissolution for the purpose of winding up.
- (2) In winding up a partnership's activities and affairs, the partnership:
- (a) shall discharge the partnership's debts, obligations, and other liabilities, settle and close the partnership's activities and affairs, and marshal and distribute the assets of the partnership; and
- (b) may:
- (i) deliver to the division for filing a statement of dissolution stating the name of the partnership and that the partnership is dissolved;
- (ii) preserve the partnership's activities and affairs and property as a going concern for a reasonable time;
- (iii) prosecute and defend actions and proceedings, whether civil, criminal, or administrative;
- (iv) transfer the partnership's property;
- (v) settle disputes by mediation or arbitration;
- (vi) deliver to the division for filing a statement of termination stating the name of the partnership and that the partnership is terminated; and
- (vii) perform other acts necessary or appropriate to the winding up.
- (3) A person whose dissociation as a partner resulted in dissolution may participate in winding up as if still a partner, unless the dissociation was wrongful.
- (4)(a) If a dissolved partnership does not have a partner and no person has the right to participate in winding up under Subsection (3), the personal or legal representative of the last person to have been a partner may wind up the partnership's activities and affairs.

(b) [–]If the representative does not exercise that right, a person to wind up the partnership's activities and affairs may be appointed by the consent of transferees owning a majority of the rights to receive distributions at the time the consent is to be effective.

(c) [–]A person appointed under this Subsection (4) has the powers of a partner under Section ~~[48-1d-904]~~ 16-18-904 but is not liable for the debts, obligations, and other liabilities of the partnership solely by reason of having or exercising those powers or otherwise acting to wind up the partnership's activities and affairs.

(5) Upon a petition brought by any partner or person entitled under Subsection (3) to participate in winding up, a court may order judicial supervision of the winding up of a dissolved partnership, including the appointment of a person to wind up the partnership's activities and affairs, if:

(a) the partnership does not have a partner, and within a reasonable time following the dissolution no person has been appointed under Subsection (4); or

(b) the applicant establishes other good cause.

Section 145. Section **16-18-903**, which is renumbered from Section 48-1d-903 is renumbered and amended to read:

[48-1d-903] 16-18-903 . Rescinding dissolution.

(1) A partnership may rescind the partnership's dissolution, unless a statement of termination applicable to the partnership is effective or the court has entered an order under Subsection ~~[48-1d-901(4)]~~ 16-18-901(4) or (5) dissolving the partnership.

(2) Rescinding dissolution under this section requires:

(a) the affirmative vote or consent of each partner;

(b) if a statement of dissolution applicable to the partnership has been filed by the division but has not become effective, delivery to the division for filing of a statement of withdrawal under Section ~~[48-1d-114]~~ 16-1a-205 applicable to the statement of dissolution; and

(c) if a statement of dissolution applicable to the partnership is effective, the delivery to the division for filing of a statement of correction under Section ~~[48-1d-115]~~ 16-1a-206 stating that dissolution has been rescinded under this section.

(3) If a partnership rescinds the partnership's dissolution:

(a) the partnership resumes carrying on ~~[its]~~ the partnership's activities and affairs as if dissolution had never occurred;

(b) subject to Subsection (3)(c), any liability incurred by the partnership after the

5025 dissolution and before the rescission is effective is determined as if dissolution had
5026 never occurred; and

5027 (c) the rights of a third party arising out of conduct in reliance on the dissolution before
5028 the third party knew or had notice of the rescission may not be adversely affected.

5029 Section 146. Section **16-18-904**, which is renumbered from Section 48-1d-904 is renumbered
5030 and amended to read:

5031 **[48-1d-904] 16-18-904 . Power to bind partnership after dissolution.**

5032 (1) A partnership is bound by a partner's act after dissolution which:

5033 (a) is appropriate for winding up the partnership's activities and affairs; or

5034 (b) would have bound the partnership under Section ~~[48-1d-301]~~ 16-18-301 before
5035 dissolution, if, at the time the other party enters into the transaction, the other party
5036 does not know or have notice of the dissolution.

5037 (2) A person dissociated as a partner binds a partnership through an act occurring after
5038 dissolution if at the time the other party enters into the transaction:

5039 (a) less than two years has passed since the dissociation;

5040 (b) the other party does not have notice of the dissociation and reasonably believes that
5041 the person is a partner; and

5042 (c) the act:

5043 (i) is appropriate for winding up the partnership's activities and affairs; or

5044 (ii) would have bound the partnership under Section ~~[48-1d-301]~~ 16-18-301 before
5045 dissolution, and at the time the other party enters into the transaction the other
5046 party does not know or have notice of the dissolution.

5047 Section 147. Section **16-18-905**, which is renumbered from Section 48-1d-905 is renumbered
5048 and amended to read:

5049 **[48-1d-905] 16-18-905 . Liability after dissolution.**

5050 (1) If a partner having knowledge of the dissolution causes a partnership to incur an
5051 obligation under Subsection ~~[48-1d-904(1)]~~ 16-18-904(1) by an act that is not
5052 appropriate for winding up the partnership's activities and affairs, the partner is liable:

5053 (a) to the partnership for any damage caused to the partnership arising from the
5054 obligation; and

5055 (b) if another partner or person dissociated as a partner is liable for the obligation, to that
5056 other partner or person for any damage caused to that other partner or person arising
5057 from the liability.

5058 (2) If a person dissociated as a partner causes a partnership to incur an obligation under

Subsection ~~[48-1d-904(2)]~~ 16-18-904(2), the person is liable:

- (a) to the partnership for any damage caused to the partnership arising from the obligation; and
- (b) if a partner or another person dissociated as a partner is liable for the obligation, to the partner or other person for any damage caused to the partner or other person arising from the obligation.

Section 148. Section **16-18-906**, which is renumbered from Section ~~48-1d-906~~ is renumbered and amended to read:

~~[48-1d-906]~~ 16-18-906 . Disposition of assets in winding up -- When contributions required.

- (1) In winding up ~~[its]~~ a partnership's activities and affairs, a partnership shall apply ~~[its]~~ the partnership's assets, including the contributions required by this section, to discharge the partnership's obligations to creditors, including partners that are creditors.
- (2) After a partnership complies with Subsection (1), any surplus must be distributed in the following order, subject to any charging order in effect under Section ~~[48-1d-604]~~ 16-18-604:
 - (a) to each person owning a transferable interest that reflects contributions made and not previously returned, an amount equal to the value of the unreturned contributions; and
 - (b) among partners in proportion to ~~[their]~~ the partners' respective rights to share in distributions immediately before the dissolution of the partnership, except to the extent necessary to comply with any transfer effective under Section ~~[48-1d-603]~~ 16-18-603.
- (3) If a partnership's assets are insufficient to satisfy all ~~[its]~~ the partnership's obligations under Subsection (1), with respect to each unsatisfied obligation incurred when the partnership was not a limited liability partnership, the following rules apply:
 - (a)(i) Each person that was a partner when the obligation was incurred and that has not been released from the obligation under Subsections ~~[48-1d-803(3)]~~ 16-18-803(3) and (4) shall contribute to the partnership to enable the partnership to satisfy the obligation.
 - (ii) ~~[-]~~ The contribution due from each of those persons is in proportion to the right to receive distributions in the capacity of partner in effect for each of those persons when the obligation was incurred.
 - (b)(i) If a person does not contribute the full amount required under Subsection (3)(a) with respect to an unsatisfied obligation of the partnership, the other persons

required to contribute by Subsection (3)(a) on account of the obligation shall contribute the additional amount necessary to discharge the obligation.

(ii) ~~[-]~~The additional contribution due from each of those other persons is in proportion to the right to receive distributions in the capacity of partner in effect for each of those other persons when the obligation was incurred.

(c) If a person does not make the additional contribution required by Subsection (3)(b), further additional contributions are determined and due in the same manner as provided in that subsection.

(d)(i) A person that makes an additional contribution under Subsection (3)(b) or (3)(c) may recover from any person whose failure to contribute under Subsection (3)(a) or (3)(b) necessitated the additional contribution.

(ii) ~~[-]~~A person may not recover under this Subsection (3) more than the amount additionally contributed.

(iii) ~~[-]~~A person's liability under this Subsection (3) may not exceed the amount the person failed to contribute.

(4) If a partnership does not have sufficient surplus to comply with Subsection (2)(a), any surplus must be distributed among the owners of transferable interests in proportion to the value of the respective unreturned contributions.

(5) All distributions made under Subsections (2) and (4) must be paid in money.

Section 149. Section **16-18-907**, which is renumbered from Section 48-1d-907 is renumbered and amended to read:

[48-1d-907] 16-18-907 . Known claims against dissolved limited liability partnership.

(1) Except as otherwise provided in Subsection (4), a dissolved limited liability partnership may give notice of a known claim under Subsection (2), which has the effect provided in Subsection (3).

(2)(a) A dissolved limited liability partnership may in a record notify ~~[its]~~ the dissolved limited liability partnership's known claimants of the dissolution.

(b) ~~[-]~~The notice ~~[must]~~ shall:

~~[(a)]~~ (i) specify the information required to be included in a claim;

~~[(b)]~~ (ii) state that the claim must be in writing and provide a mailing address to which the claim is to be sent;

~~[(c)]~~ (iii) state the deadline for receipt of a claim, which may not be less than 120 days after the date of the notice is received by the claimant;

5127 ~~[(d)]~~ (iv) state that the claim will be barred if not received by the deadline; and
5128 ~~[(e)]~~ (v) unless the partnership has been throughout ~~[its]~~ the partnership's existence a
5129 limited liability partnership, state that the barring of a claim against the
5130 partnership will also bar any corresponding claim against any partner or person
5131 dissociated as a partner which is based on Section ~~[48-1d-305]~~ 16-18-305.

5132 (3) A claim against a dissolved limited liability partnership is barred if the requirements of
5133 Subsection (2) are met and:

5134 (a) the claim is not received by the specified deadline; or

5135 (b) if the claim is timely received but rejected by the limited liability partnership:

5136 (i) the partnership causes the claimant to receive a notice in a record stating that the
5137 claim is rejected and will be barred unless the claimant commences an action
5138 against the partnership to enforce the claim not later than 90 days after the
5139 claimant receives the notice; and

5140 (ii) the claimant does not commence the required action not later than 90 days after
5141 the claimant receives the notice.

5142 (4) This section does not apply to a claim based on an event occurring after the effective
5143 date of dissolution or a liability that on that date is contingent.

5144 Section 150. Section **16-18-908**, which is renumbered from Section 48-1d-908 is renumbered
5145 and amended to read:

5146 **~~[48-1d-908]~~ 16-18-908 . Other claims against dissolved limited liability**
5147 **partnership.**

5148 (1) A dissolved limited liability partnership may publish notice of ~~[its]~~ the dissolved limited
5149 liability partnership's dissolution and request persons having claims against the dissolved
5150 limited liability partnership to present them in accordance with the notice.

5151 (2) A notice under Subsection (1) must:

5152 (a) be published at least once in a newspaper of general circulation in the county in this
5153 state in which the dissolved limited liability partnership's principal office is located
5154 or, if the principal office is not located in this state, in the county in which the office
5155 of the dissolved limited liability partnership's registered agent is or was last located
5156 and in accordance with Section 45-1-101;

5157 (b) describe the information required to be contained in a claim, state that the claim must
5158 be in writing, and provide a mailing address to which the claim is to be sent;

5159 (c) state that a claim against the dissolved limited liability partnership is barred unless an
5160 action to enforce the claim is commenced not later than three years after publication

of the notice; and

(d) unless the dissolved limited liability partnership has been throughout [its] the limited liability partnership's existence a limited liability partnership, state that the barring of a claim against the dissolved limited liability partnership will also bar any corresponding claim against any partner or person dissociated as a partner which is based on Section [48-1d-306] 16-18-306.

(3) If a dissolved limited liability partnership publishes a notice in accordance with Subsection (2), the claim of each of the following claimants is barred unless the claimant commences an action to enforce the claim against the dissolved limited liability partnership not later than three years after the publication date of the notice:

- (a) a claimant that did not receive notice in a record under Section [48-1d-907] 16-18-907;
- (b) a claimant whose claim was timely sent to the partnership but not acted on; and
- (c) a claimant whose claim is contingent at, or based on an event occurring after, the effective date of dissolution.

(4) A claim not barred under this section or Section [48-1d-907] 16-18-907 may be enforced:

- (a) against a dissolved limited liability partnership, to the extent of [its] the dissolved limited liability partnership's undistributed assets;
- (b) except as otherwise provided in Section [48-1d-909] 16-18-909, if assets of the dissolved limited liability partnership have been distributed after dissolution, against a partner or transferee to the extent of that person's proportionate share of the claim or of the dissolved limited liability partnership's assets distributed to the partner or transferee after dissolution, whichever is less, but a person's total liability for all claims under this subsection may not exceed the total amount of assets distributed to the person after dissolution; and
- (c) against any person liable on the claim under Sections [48-1d-306] 16-18-306, [48-1d-803] 16-18-803, and [48-1d-905] 16-18-905.

Section 151. Section **16-18-909**, which is renumbered from Section 48-1d-909 is renumbered and amended to read:

[48-1d-909] 16-18-909 . Court proceedings.

(1)(a) A dissolved limited liability partnership that has published a notice under Section [48-1d-908] 16-18-908 may petition a court with jurisdiction under Title 78A, Judiciary and Judicial Administration, for a determination of the amount and form of security to be provided for payment of claims that are contingent, have not been made known to the dissolved limited liability partnership, or are based on an event

occurring after the effective date of dissolution but which, based on the facts known to the dissolved limited liability partnership, are reasonably expected to arise after the effective date of dissolution.

(b) Security is not required for any claim that is or is reasonably anticipated to be barred under Subsection ~~[48-1d-907(3)]~~ 16-18-907(3).

(2) No later than 10 days after the filing of an application under Subsection (1), the dissolved limited liability partnership shall give notice of the proceeding to each claimant holding a contingent claim known to the dissolved limited liability partnership.

(3)(a) In any proceeding under this section, the court may appoint a guardian ad litem to represent all claimants whose identities are unknown.

(b) The reasonable fees and expenses of the guardian, including all reasonable expert witness fees, must be paid by the dissolved limited liability partnership.

(4) A dissolved limited liability partnership that provides security in the amount and form ordered by the court under Subsection (1) satisfies the dissolved limited liability partnership's obligations with respect to claims that are contingent, have not been made known to the dissolved limited liability partnership, or are based on an event occurring after the effective date of dissolution, and the claims may not be enforced against a partner or transferee who receives assets in liquidation.

(5) This section applies only to a debt, obligation, or other liability incurred while a partnership was a limited liability partnership.

Section 152. Section **16-18-910**, which is renumbered from Section 48-1d-910 is renumbered and amended to read:

~~[48-1d-910]~~ 16-18-910 . Liability of partner and person dissociation as partner when claim against limited liability partnership is barred.

If a claim against a dissolved limited liability partnership is barred under Section ~~[48-1d-907]~~ 16-18-907, ~~[48-1d-908]~~ 16-18-908, or ~~[48-1d-909]~~ 16-18-909, any corresponding claim under Section ~~[48-1d-306]~~ 16-18-306, ~~[48-1d-803]~~ 16-18-803, or ~~[48-1d-905]~~ 16-18-905 is also barred.

Section 153. Section **16-18-1001**, which is renumbered from Section 48-1d-1101 is renumbered and amended to read:

Part 10. Limited Liability Partnerships

~~[48-1d-1101]~~ 16-18-1001 . Statement of qualification.

(1) A partnership may become a limited liability partnership ~~[pursuant to]~~ in accordance with this section.

- (2) The terms and conditions on which a partnership becomes a limited liability partnership must be approved by the vote or consent necessary to amend the partnership agreement except, in the case of a partnership agreement that expressly addresses obligations to contribute to the partnership, the vote or consent necessary to amend those provisions.
- (3) After the approval required by Subsection (2), a partnership may become a limited liability partnership by delivering to the division for filing a statement of qualification. The statement of qualification must contain:
- (a) the name of the limited liability partnership;
 - (b) the street address of the limited liability partnership's principal office and, if different, the street address of an office in this state, if any;
 - (c) the information required by ~~[Subsection 16-17-203(1)]~~ Section 16-1a-404; and
 - (d) a statement that the partnership elects to become a limited liability partnership.
- (4) A partnership's status as a limited liability partnership remains effective, regardless of changes in the limited liability partnership, until it is canceled ~~[pursuant to]~~ in accordance with Subsection (6) or administratively revoked ~~[pursuant to]~~ in accordance with Section ~~[48-1d-1102]~~ 16-18-1002.
- (5) The status of a partnership as a limited liability partnership and the liability of its partners for the debts, obligations, or other liabilities of the partnership while it is a limited liability partnership is not affected by errors or later changes in the information required to be contained in the statement of qualification.
- (6)(a) A limited liability partnership may amend or cancel ~~[its]~~ the limited liability partnership's statement of qualification by delivering to the division for filing a statement of amendment or cancellation.
- (b) ~~[-]~~ The statement must be consented to by all partners and state the name of the limited liability partnership and in the case of:
- ~~[(a)]~~ (i) an amendment, state the amendment; and
 - ~~[(b)]~~ (ii) a cancellation, state that the statement of qualification is canceled.
- Section 154. Section **16-18-1002**, which is renumbered from Section 48-1d-1102 is renumbered and amended to read:
- ~~[48-1d-1102]~~ 16-18-1002 . Administrative revocation of statement of qualification.**
- (1) The division may commence a proceeding under Subsections (2) and (3) to revoke the statement of qualification of a limited liability partnership administratively if the limited liability partnership does not:
- (a) pay any fee, tax, or penalty required to be paid to the division not later than 60 days

after it is due;

(b) deliver an annual report to the division not later than 60 days after it is due; or

(c) have a registered agent in this state for 60 consecutive days.

(2) If the division determines that one or more grounds exist for administratively revoking a statement of qualification, the division shall serve the limited liability partnership with notice in a record of the division's determination.

(3)(a) If a limited liability partnership, not later than 60 days after service of the notice is effected under Subsection (2), does not cure each ground for revocation or demonstrate to the satisfaction of the division that each ground determined by the division does not exist, the division shall administratively revoke the statement of qualification by signing a statement of administrative revocation that recites the grounds for revocation and the effective date of the revocation.

(b) ~~[-]~~The division shall file the statement and serve a copy on the limited liability partnership ~~[pursuant to]~~ in accordance with Section ~~[48-1d-116]~~ 16-1a-207.

(4) An administrative revocation under Subsection (3) affects only a partnership's status as a limited liability partnership and is not an event causing dissolution of the partnership.

(5) The administrative revocation of a statement of qualification of a limited liability partnership does not terminate the authority of ~~[its]~~ the limited liability partnership's registered agent.

Section 155. Section **16-18-1003**, which is renumbered from Section 48-1d-1103 is renumbered and amended to read:

[48-1d-1103] 16-18-1003 . Reinstatement.

(1) A limited liability partnership whose statement of qualification has been revoked administratively under Section ~~[48-1d-1102]~~ 16-18-1002 may apply to the division for reinstatement of the statement of qualification under the limited liability partnership's same name, at any time after the effective date of the revocation if the limited liability partnership's name is available and the limited liability partnership delivers to the division for filing an application for reinstatement of the statement of qualification that states:

(a) the name of the partnership at the time of the administrative revocation of ~~[its]~~ the partnership's statement of qualification and, if needed, a different name that satisfies Section ~~[48-1d-1105]~~ 16-1a-302;

(b) the address of the principal office of the partnership and information required under ~~[Subsection 16-17-203(1)]~~ Section 16-1a-404;

(c) the effective date of administrative revocation of the partnership's statement of qualification; and

(d) that the grounds for revocation did not exist or have been cured.

(2) A limited liability partnership whose statement of qualification has been revoked administratively under Section ~~[48-1d-1102]~~ 16-18-1002 on or after May 1, 2019, but before May 1, 2024, may apply for reinstatement under the limited liability partnership's same name if the limited liability partnership's name is available and the limited liability partnership delivers to the division for filing an application for reinstatement of the statement of qualification that satisfies the requirements of Subsections (1)(a) through (c).

(3) A limited liability partnership retains the limited liability partnership's name and [~~assumed name~~] D.B.A., as described in Section ~~[42-2-6.6]~~ 42-2-105, for five years after the day on which the administrative revocation of the statement of qualification is effective.

(4) To have [its] a partnership's statement of qualification reinstated, a partnership whose statement of qualification has been revoked administratively must pay all fees, taxes, and penalties that were due to the division at the time of the administrative revocation and all fees, taxes, and penalties that would have been due to the division while the partnership's statement of qualification was revoked administratively.

(5) If the division determines that the application contains the information required by Subsection (1) or (2), is satisfied that the information is correct, and determines that all payments required to be made to the division by Subsection (4) have been made, the division shall:

(a) cancel the statement of revocation and prepare a statement of reinstatement that states the division's determination and the effective date of reinstatement;

(b) file the statement of revocation; and

(c) serve a copy of the statement of revocation on the limited liability partnership.

(6) When reinstatement under this section is effective, the following rules apply:

(a) the reinstatement relates back to and takes effect as of the effective date of the administrative revocation; and

(b) the partnership's status as a limited liability partnership continues as if the revocation had not occurred, except for the rights of a person arising out of an act or omission in reliance on the revocation before the person knew or had notice of the reinstatement are not affected.

Section 156. Section **16-18-1004**, which is renumbered from Section 48-1d-1104 is renumbered

and amended to read:

[48-1d-1104] 16-18-1004 . Judicial review of denial of reinstatement.

- (1) If the division denies a limited liability partnership's application for reinstatement following administrative revocation of the limited liability partnership's statement of qualification, the division shall serve the limited liability company partnership with notice in a record that explains the reasons for the denial.
- (2) A limited liability partnership may seek judicial review of denial of reinstatement in the district court not later than 30 days after service of the notice of denial.

Section 157. Section **16-18-1101**, which is renumbered from Section 48-1d-1211 is renumbered and amended to read:

Part 11. Foreign Limited Liability Partnerships

[48-1d-1211] 16-18-1101 . Withdrawal of registration of registered foreign limited liability partnership.

- (1) A registered foreign limited liability partnership may withdraw [its] the registered foreign limited liability partnership's registration by delivering a statement of withdrawal to the division for filing.
- (2) [–]The statement of withdrawal must state:
 - (a) the name of the foreign limited liability partnership and the jurisdiction in which the foreign limited liability partnership's statement of qualification or equivalent filing is filed;
 - (b) that the foreign limited liability partnership is not doing business in this state and that it withdraws its registration to do business in this state;
 - (c) that the foreign limited liability partnership revokes the authority of its registered agent to accept service on its behalf in this state; and
 - (d) an address to which service of process may be made under Subsection [(2)] (3).
- [(2)] (3) After the withdrawal of the registration of a foreign limited liability partnership, service of process in any action or proceeding based on a cause of action arising during the time the foreign limited liability partnership was registered to do business in this state may be made [~~pursuant to Subsection 16-17-301(2)] in accordance with Section 16-1a-412.~~

Section 158. Section **16-18-1102**, which is renumbered from Section 48-1d-1212 is renumbered and amended to read:

[48-1d-1212] 16-18-1102 . Action by attorney general.

The attorney general may maintain an action to enjoin a foreign limited liability

partnership from doing business in this state in violation of this part.

Section 159. Section **16-18-1201**, which is renumbered from Section 48-1d-1301 is renumbered and amended to read:

Part 12. Professional Services Limited Liability Partnerships

[48-1d-1301] 16-18-1201 . Definitions.

As used in this part:

- (1) "Professional services partnership" means a limited liability partnership organized in accordance with this part to provide professional services.
- (2) "Regulating board" means the entity organized pursuant to state law that licenses and regulates the practice of the profession that a limited liability partnership is organized to provide.

Section 160. Section **16-18-1202**, which is renumbered from Section 48-1d-1302 is renumbered and amended to read:

[48-1d-1302] 16-18-1202 . Application of this part.

If a conflict arises between this part and another provision of this chapter, this part controls.

Section 161. Section **16-18-1203**, which is renumbered from Section 48-1d-1304 is renumbered and amended to read:

[48-1d-1304] 16-18-1203 . Providing a professional service.

- (1) Subject to Section [48-1d-1305] 16-18-1204, a professional services partnership may provide a professional service in this state only through an individual licensed or otherwise authorized in this state to provide the professional service.
- (2) Subsection (1) does not:
 - (a) require an individual employed by a professional services partnership to be licensed to perform a service for the professional services company if a license is not otherwise required;
 - (b) prohibit a licensed individual from providing a professional service in the individual's professional capacity although the individual is a partner, employee, or agent of a professional services partnership; or
 - (c) prohibit an individual licensed in another state from providing a professional service for a professional services partnership in this state if not prohibited by the regulating board.

Section 162. Section **16-18-1204**, which is renumbered from Section 48-1d-1305 is renumbered and amended to read:

5399 **[48-1d-1305] 16-18-1204 . Limit of one profession.**

- 5400 (1) A professional services partnership organized to provide a professional service under
5401 this part may provide only:
- 5402 (a) one specific type of professional service; and
5403 (b) services ancillary to the professional service described in Subsection (1)(a).
- 5404 (2) A professional services partnership organized to provide a professional service under
5405 this part may not engage in a business other than to provide:
- 5406 (a) the professional service that it was organized to provide; and
5407 (b) services ancillary to the professional service described in Subsection (2)(a).
- 5408 (3) Notwithstanding Subsections (1) and (2), a professional services partnership may:
- 5409 (a) own real and personal property necessary or appropriate for providing the type of
5410 professional service it was organized to provide; and
5411 (b) invest the professional services partnership's money in one or more of the following:
- 5412 (i) real estate;
5413 (ii) mortgages;
5414 (iii) stocks;
5415 (iv) bonds; or
5416 (v) another type of investment.

5417 Section 163. Section **16-18-1205**, which is renumbered from Section 48-1d-1306 is renumbered
5418 and amended to read:

5419 **[48-1d-1306] 16-18-1205 . Activity limitations.**

5420 A professional services partnership may not do anything that an individual licensed to
5421 practice the profession that the professional services partnership is organized to provide is
5422 prohibited from doing.

5423 Section 164. Section **16-18-1206**, which is renumbered from Section 48-1d-1307 is renumbered
5424 and amended to read:

5425 **[48-1d-1307] 16-18-1206 . This part does not limit regulating board.**

5426 This part does not restrict the authority or duty of a regulating board to license an
5427 individual providing a professional service or the practice of the profession that is within the
5428 jurisdiction of the regulating board, notwithstanding that the individual:

- 5429 (1) is a partner or employee of a professional services partnership; or
5430 (2) provides the professional service or engages in the practice of the profession through a
5431 professional services partnership.

5432 Section 165. Section **16-18-1207**, which is renumbered from Section 48-1d-1308 is renumbered

and amended to read:

[48-1d-1308] 16-18-1207 . Partner of a professional services partnership.

A professional services partnership organized to provide a professional service:

- (1) may include a partner or employee who is authorized under the laws of the jurisdiction where the partner or employee resides to provide a similar professional service;
- (2) may include a partner who is not licensed or registered by the state to provide the professional service to the extent allowed by the applicable licensing or registration act relating to the professional service; and
- (3) may render a professional service in this state only through a partner or employee who is licensed or registered by this state to render the professional service.

Section 166. Section **16-18-1208**, which is renumbered from Section 48-1d-1309 is renumbered and amended to read:

[48-1d-1309] 16-18-1208 . Restriction on transfer by partner.

- (1) Except as provided in Subsections (2) and (3), a partner of a professional services partnership may sell or transfer the partner's interest in the professional services partnership only to:
 - (a) the professional services partnership; or
 - (b) an individual who is licensed or registered by this state to provide the same type of professional service as the professional service for which the professional services partnership is organized, or who otherwise satisfies the requirements of Subsection [~~48-1d-1308(1)~~] **16-18-1207(1)** or (2).
- (2) Upon the death or incapacity of a partner of a professional services partnership, the partner's interest in the professional services partnership may be transferred to the personal representative or estate of the deceased or incapacitated partner.
- (3) The person to whom an interest is transferred under Subsection (2) may continue to hold the interest for a reasonable period, but may not participate in a decision concerning the providing of a professional service.

Section 167. Section **16-18-1209**, which is renumbered from Section 48-1d-1310 is renumbered and amended to read:

[48-1d-1310] 16-18-1209 . Purchase of interest upon death, incapacity, or disqualification of member.

- (1) Subject to this part, one or more of the following may provide for the purchase of a partner's interest in a professional services partnership upon the death, incapacity, or disqualification of the partner:

- (a) the partnership agreement; or
- (b) a private agreement.
- (2) In the absence of a provision described in Subsection (1), a professional services partnership shall purchase the interest of a partner who is deceased, incapacitated, or no longer qualified to own an interest in the professional services partnership within 90 days after the day on which the professional services partnership is notified of the death, incapacity, or disqualification.
- (3) If a professional services partnership purchases a partner's interest under Subsection (2), the professional services company shall purchase the interest at a price that is the reasonable fair market value as of the date of death, incapacity, or disqualification.
- (4) If a professional services partnership fails to purchase a partner's interest as required by Subsection (2) at the end of the 90-day period described in Subsection (2), the following persons may bring an action in a court with jurisdiction under Title 78A, Judiciary and Judicial Administration, to enforce Subsection (2):
- (a) the personal representative of a deceased partner;
- (b) the guardian or conservator of an incapacitated partner; or
- (c) the disqualified partner.
- (5) A court in which an action is brought under Subsection (4) may:
- (a) award the person bringing the action the reasonable fair market value of the interest;
- or
- (b) within the court's jurisdiction, order the liquidation of the professional services partnership.
- (6) If a person described in Subsections (4)(a) through (c) is successful in an action under Subsection (4), the court shall award the person reasonable attorney's fees and costs.
- Section 168. Section **16-18-1301**, which is renumbered from Section 48-1d-1401 is renumbered and amended to read:

Part 13. Miscellaneous Provisions

[48-1d-1401] 16-18-1301 . Uniformity of application and construction.

In applying and construing this chapter, consideration must be given to the need to promote uniformity of the law with respect to [its] this chapter's subject matter among states that enact the uniform act upon which this chapter is based.

Section 169. Section **16-18-1302**, which is renumbered from Section 48-1d-1402 is renumbered and amended to read:

[48-1d-1402] 16-18-1302 . Severability clause.

If any provision of this chapter or [its] this chapter's application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable.

Section 170. Section **16-18-1303**, which is renumbered from Section 48-1d-1403 is renumbered and amended to read:

[48-1d-1403] 16-18-1303 . Relation to Electronic Signatures in Global and National Commerce Act.

This chapter modifies, limits, and supersedes the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Sec. 7001 et seq., but this chapter does not modify, limit, or supersede Sec. 101(c) of that act, 15 U.S.C. Sec. 7001(c), or authorize electronic delivery of any of the notices described in Sec. 103(b) of that act, 15 U.S.C. Sec. 7003(b).

Section 171. Section **16-18-1304**, which is renumbered from Section 48-1d-1404 is renumbered and amended to read:

[48-1d-1404] 16-18-1304 . Savings clause.

This chapter does not affect an action commenced, proceeding brought, or right accrued before this chapter takes effect.

Section 172. Section **16-18-1305**, which is renumbered from Section 48-1d-1405 is renumbered and amended to read:

[48-1d-1405] 16-18-1305 . Application to existing relationships.

(1) Before January 1, 2016, this chapter governs only:

(a) a partnership formed on or after January 1, 2014; and

(b) except as otherwise provided in Subsection (3), a partnership formed before January 1, 2014, which elects, in the manner provided in [its] the partnership's partnership agreement or by law for amending the partnership agreement, to be subject to this chapter.

(2) Except as otherwise provided in Subsection (3), on and after January 1, 2016, this chapter governs all partnerships.

(3) With respect to a partnership that elects pursuant to Subsection (1)(b) to be subject to this chapter, after the election takes effect the provisions of this chapter relating to the liability of the partnership's partners to third parties apply:

(a) before January 1, 2016, to:

(i) a third party that had not done business with the partnership in the year before the election took effect; and

5535 (ii) a third party that had done business with the partnership in the year before the
 5536 election took effect only if the third party knows or has received a notification of
 5537 the election; and

5538 (b) on and after January 1, 2016, to all third parties, but those provisions remain
 5539 inapplicable to any obligation incurred while those provisions were inapplicable
 5540 under Subsection (3)(a)(ii).

5541 Section 173. Section **16-19-101**, which is renumbered from Section 48-2e-102 is renumbered
 5542 and amended to read:

5543 **CHAPTER 19. Utah Uniform Limited Partnership Act**

5544 **Part 1. General Provisions**

5545 **[48-2e-102] 16-19-101 . Definitions.**

5546 As used in this chapter:

5547 (1)(a) "Certificate of limited partnership" means the certificate required by Section [
 5548 ~~48-2e-201~~] 16-19-201.

5549 (b) [~~The term~~] "Certificate of limited partnership" includes the certificate as amended or
 5550 restated.

5551 (2) "Contribution," except in the phrase "right of contribution," means property or a benefit
 5552 described in Section [~~48-2e-501~~] 16-19-501 which is provided by a person to a limited
 5553 partnership to become a partner or in the person's capacity as a partner.

5554 (3) "Debtor in bankruptcy" means a person that is the subject of:

5555 (a) an order for relief under Title 11 of the United States Code or a comparable order
 5556 under a successor statute of general application; or

5557 (b) a comparable order under federal, state, or foreign law governing insolvency.

5558 (4)(a) "Distribution" means a transfer of money or other property from a limited
 5559 partnership to a person on account of a transferable interest or in the person's capacity
 5560 as a partner.[~~The term:~~]

5561 [(a)] (b) "Distribution" includes:

5562 (i) a redemption or other purchase by a limited partnership of a transferable interest;
 5563 and

5564 (ii) a transfer to a partner in return for the partner's relinquishment of any right to
 5565 participate as a partner in the management or conduct of the limited partnership's
 5566 activities and affairs or to have access to records or other information concerning
 5567 the limited partnership's activities and affairs[~~; and~~] .

~~[(b)]~~ (c) "Distribution" does not include amounts constituting reasonable compensation for present or past service or payments made in the ordinary course of business under a bona fide retirement plan or other bona fide benefits program.

(5) "Division" means the Division of Corporations and Commercial Code.

(6) "Foreign limited liability limited partnership" means a foreign limited partnership whose general partners have limited liability for the debts, obligations, or other liabilities of the foreign limited partnership under a provision similar to Subsection ~~[48-2e-404(3)]~~ 16-19-404(3).

(7)~~(a)~~ "Foreign limited partnership" means an unincorporated entity formed under the law of a jurisdiction other than this state which would be a limited partnership if formed under the law of this state.

~~(b) [-The term]~~ "Foreign limited partnership" includes a foreign limited liability limited partnership.

(8) "General partner" means a person that:

(a) has become a general partner under Section ~~[48-2e-401]~~ 16-19-401 or was a general partner in a limited partnership when the limited partnership became subject to this chapter under Section ~~[48-2e-1205]~~ 16-19-1105; and

(b) has not dissociated as a general partner under Section ~~[48-2e-603]~~ 16-19-603.

(9) "Jurisdiction," used to refer to a political entity, means the United States, a state, a foreign country, or a political subdivision of a foreign country.

(10) "Jurisdiction of formation" means, with respect to an entity, the jurisdiction:

(a) under whose law the entity is formed; or

(b) in the case of a limited liability partnership or foreign limited liability partnership, in which the partnership's statement of qualification is filed.

(11) "Limited liability limited partnership," except in the phrase "foreign limited liability limited partnership," means a limited partnership whose certificate of limited partnership states that the partnership is a limited liability limited partnership.

(12) "Limited partner" means a person that:

(a) has become a limited partner under Section ~~[48-2e-301]~~ 16-19-301 or was a limited partner in a limited partnership when the limited partnership became subject to this chapter under Section ~~[48-2e-1205]~~ 16-19-1105; and

(b) has not dissociated under Section ~~[48-2e-601]~~ 16-19-601.

~~(13)~~(a) "Limited partnership" means an entity formed under this chapter or which becomes subject to this chapter under ~~[Part 11, Merger, Interest Exchange,~~

Conversion, and Domestication] :

(i) Chapter 1a, Part 7, Merger;

(ii) Chapter 1a, Part 8, Interest Exchange;

(iii) Chapter 1a, Part 9, Conversion;

(iv) [;] Chapter 1a, Part 10, Domestication; or

(v) [-]Section [48-2e-1205] 16-19-1105.

(b) [-The term-] "Limited partnership" includes a limited liability limited partnership.

(14) "Partner" means a limited partner or general partner.

(15)(a) "Partnership agreement" means the agreement, whether or not referred to as a partnership agreement, and whether oral, implied, in a record, or in any combination thereof, of all the partners of a limited partnership concerning the matters described in Subsection [48-2e-112(1)] 16-19-107(1).

(b) [-The term-] "Partnership agreement" includes the agreement as amended or restated.

(16) "Person" means an individual, business corporation, nonprofit corporation, partnership, limited partnership, limited liability company, limited cooperative association, unincorporated nonprofit association, statutory trust, business trust, common-law business trust, estate, trust, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(17) "Principal office" means the principal executive office of a limited partnership or foreign limited partnership, whether or not the office is located in this state.

(18) "Property" means all property, whether real, personal, or mixed or tangible or intangible, or any right or interest therein.

(19) "Record," used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(20) "Registered agent" means an agent of a limited partnership or foreign limited partnership which is authorized to receive service of any process, notice, or demand required or permitted by law to be served on the limited partnership.

(21) "Registered foreign limited partnership" means a foreign limited partnership that is registered to do business in this state pursuant to a statement of registration filed by the division.

(22) "Required information" means the information that a limited partnership is required to maintain under Section [48-2e-115] 16-19-110.

(23) "Sign" means, with present intent to authenticate or adopt a record:

- 5636 (a) to execute or adopt a tangible symbol; or
5637 (b) to attach to or logically associate with the record an electronic symbol, sound, or
5638 process.
- 5639 (24) "State" means a state of the United States, the District of Columbia, Puerto Rico, the
5640 United States Virgin Islands, or any territory or insular possession subject to the
5641 jurisdiction of the United States.
- 5642 (25) "Transfer" includes:
- 5643 (a) an assignment;
5644 (b) a conveyance;
5645 (c) a sale;
5646 (d) a lease;
5647 (e) an encumbrance, including a mortgage or security interest;
5648 (f) a gift; and
5649 (g) a transfer by operation of law.
- 5650 (26)(a) "Transferable interest" means the right, as initially owned by a person in the
5651 person's capacity as a partner, to receive distributions from a limited partnership in
5652 accordance with the partnership agreement, whether or not the person remains a
5653 partner or continues to own any part of the right.
- 5654 (b) [~~The term~~] "Transferable interest" applies to any fraction of the interest, by
5655 whomever owned.
- 5656 (27)(a) "Transferee" means a person to which all or part of a transferable interest has
5657 been transferred, whether or not the transferor is a partner.
- 5658 (b) [~~The term~~] "Transferee" includes a person that owns a transferable interest under
5659 Subsection [~~48-2e-602(1)(e)~~] 16-19-602(1)(c) or [~~48-2e-605(1)(d)~~] 16-19-605(1)(d).
- 5660 (28) "Tribal limited partnership" means a limited partnership:
- 5661 (a) formed under the law of a tribe; and
5662 (b) that is at least 51% owned or controlled by the tribe under whose law the limited
5663 partnership is formed.
- 5664 (29) "Tribe" means a tribe, band, nation, pueblo, or other organized group or community of
5665 Indians, including an Alaska Native village, that is legally recognized as eligible for and
5666 is consistent with a special program, service, or entitlement provided by the United
5667 States to Indians because of their status as Indians.

5668 Section 174. Section **16-19-102**, which is renumbered from Section 48-2e-103 is renumbered
5669 and amended to read:

[48-2e-103] 16-19-102 . Knowledge -- Notice.

- (1) A person knows a fact if the person:
- (a) has actual knowledge of it; or
 - (b) is deemed to know it under law other than this chapter.
- (2) A person has notice of a fact if the person:
- (a) has reason to know the fact from all of the facts known to the person at the time in question; or
 - (b) is deemed to have notice of the fact under Subsection (3) or (4).
- (3)(a) A certificate of limited partnership on file in the office of the division is notice that the partnership is a limited partnership and the persons designated in the certificate as general partners are general partners.
- (b) ~~[-]~~Except as otherwise provided in Subsection (4), the certificate is not notice of any other fact.
- (4) A person not a partner is deemed to have notice of:
- (a) another person's dissociation as a general partner 90 days after the effective date of an amendment to the certificate of limited partnership which states that the other person has dissociated or 90 days after the effective date of a statement of dissociation pertaining to the other person, whichever occurs first;
 - (b) a limited partnership's:
 - (i) dissolution 90 days after an amendment to the certificate of limited partnership stating that the limited partnership becomes effective;
 - (ii) termination 90 days after a statement of termination under Subsection [~~48-2e-802(2)(b)(vi)~~] 16-19-802(2)(b)(vi) becomes effective;
 - (iii) participation in a merger, interest exchange, conversion, or domestication 90 days after a statement of merger, interest exchange, conversion, or domestication under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective; and
 - (iv) abandonment of a merger, interest exchange, conversion, or domestication 90 days after a statement of abandonment of merger, interest exchange, conversion, or domestication under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective.

(5) Subject to Subsection ~~[48-2e-209(6)]~~ 16-1a-211, a person notifies another person of a fact by taking steps reasonably required to inform the other person in ordinary course, whether or not those steps cause the other person to know the fact.

(6)(a) A general partner's knowledge or notice of a fact relating to the limited partnership is effective immediately as knowledge of or notice to the limited partnership, except in the case of a fraud on the limited partnership committed by or with the consent of the general partner.

(b) ~~[-]~~A limited partner's knowledge or notice of a fact relating to the limited partnership is not effective as knowledge of or notice to the limited partnership.

Section 175. Section **16-19-103**, which is renumbered from Section 48-2e-104 is renumbered and amended to read:

[48-2e-104] 16-19-103 . Nature, purpose, and duration of limited partnership.

(1)(a) A limited partnership is an entity distinct from ~~[its]~~ the limited partnership's partners.

(b) ~~[-]~~A limited partnership is the same entity regardless of whether ~~[its]~~ the limited partnership's certificate states that the limited partnership is a limited liability limited partnership.

(2) A limited partnership may have any lawful purpose, regardless of whether for profit.

(3) A limited partnership has perpetual duration.

Section 176. Section **16-19-104**, which is renumbered from Section 48-2e-105 is renumbered and amended to read:

[48-2e-105] 16-19-104 . Powers.

A limited partnership has the capacity to sue and be sued in ~~[its]~~ the limited partnership's own name and the power to do all things necessary or convenient to carry on ~~[its]~~ the limited partnership's activities and affairs.

Section 177. Section **16-19-105**, which is renumbered from Section 48-2e-106 is renumbered and amended to read:

[48-2e-106] 16-19-105 . Governing law.

The law of this state governs:

(1) the internal affairs of a limited partnership; and

(2) the liability of a partner as partner for the debts, obligations, or other liabilities of a limited partnership.

Section 178. Section **16-19-106**, which is renumbered from Section 48-2e-107 is renumbered and amended to read:

[48-2e-107] 16-19-106 . Supplemental principles of law.

Unless displaced by particular provisions of this chapter, the principles of law and equity supplement this chapter.

Section 179. Section **16-19-107**, which is renumbered from Section 48-2e-112 is renumbered and amended to read:

[48-2e-112] 16-19-107 . Partnership agreement -- Scope, function, and limitations.

(1) Except as otherwise provided in Subsections (3) and (4), the partnership agreement governs:

- (a) relations among the partners as partners and between the partners and the limited partnership;
- (b) the activities and affairs of the limited partnership and the conduct of those activities and affairs; and
- (c) the means and conditions for amending the partnership agreement.

(2) To the extent the partnership agreement does not provide for a matter described in Subsection (1), this chapter governs the matter.

(3) A partnership agreement may not:

- (a) vary a limited partnership's capacity under Section [48-2e-105] 16-19-104 to sue and be sued in [its] the limited partnership's own name;
- (b) vary the law applicable under Section [48-2e-106] 16-19-105;
- (c) vary any requirement, procedure, or other provision of this chapter pertaining to:
 - (i) registered agents; or
 - (ii) the division, including provisions pertaining to records authorized or required to be delivered to the division for filing under this chapter;
- (d) vary the provisions of Section [48-2e-204] 16-1a-209;
- (e) vary the right of a general partner under Subsection [48-2e-406(2)(b)] 16-19-406(2)(b) to vote on or consent to an amendment to the certificate of limited partnership which deletes a statement that the limited partnership is a limited liability limited partnership;
- (f) eliminate the duty of loyalty or the duty of care except as otherwise provided in Subsection (4);
- (g) eliminate the contractual obligation of good faith and fair dealing under Subsections [48-2e-305(1)] 16-19-305(1) and [48-2e-409(4)] 16-19-409(4), but the partnership agreement may prescribe the standards, if not unconscionable or against public policy, by which the performance of the obligation is to be measured;

- 5772 (h) relieve or exonerate a person from liability for conduct involving bad faith, willful
5773 misconduct, or recklessness;
- 5774 (i) vary the information required under Section ~~[48-2e-115]~~ 16-19-110 or unreasonably
5775 restrict the duties and rights under Section ~~[48-2e-304]~~ 16-19-304 or ~~[48-2e-407]~~
5776 16-19-407, but the partnership agreement may impose reasonable restrictions on the
5777 availability and use of information obtained under those sections and may define
5778 appropriate remedies, including liquidated damages, for a breach of any reasonable
5779 restriction on use;
- 5780 (j) vary the power of a person to dissociate as a general partner under Subsection [
5781 ~~48-2e-604(1)~~] 16-19-604(1) except to require that the notice under Subsection [
5782 ~~48-2e-603(1)~~] 16-19-603(1) be in a record;
- 5783 (k) vary the causes of dissolution specified in Subsection ~~[48-2e-801(1)(f)]~~
5784 16-19-801(1)(f);
- 5785 (l) vary the requirement to wind up the limited partnership's activities and affairs as
5786 specified in Subsections ~~[48-2e-802(1)]~~ 16-19-802(1), (2)(a), and (4);
- 5787 (m) unreasonably restrict the right of a partner to maintain an action under Part 10,
5788 Actions by Partners;
- 5789 (n) vary the provisions of Section ~~[48-2e-1005]~~ 16-19-1005, but the partnership
5790 agreement may provide that the limited partnership may not have a special litigation
5791 committee;
- 5792 (o) vary the right of a partner to approve a merger, interest exchange, conversion, or
5793 domestication under ~~[Subsection 48-2e-1123(1)(b)]~~ Section 16-1a-704, [
5794 ~~48-2e-1133(1)(b)]~~ 16-1a-804, ~~[48-2e-1143(1)(b)]~~ 16-1a-904, or ~~[48-2e-1153(1)(b)]~~
5795 16-1a-1004; or
- 5796 (p) except as otherwise provided in Section ~~[48-2e-113]~~ 16-19-108 and Subsection [
5797 ~~48-2e-114(2)]~~ 16-19-109(2), restrict the rights under this chapter of a person other
5798 than a partner.
- 5799 (4) Subject to Subsection (3)(h), without limiting other terms that may be included in a
5800 partnership agreement, the following rules apply:
- 5801 (a) The partnership agreement may specify the method by which a specific act or
5802 transaction that would otherwise violate the duty of loyalty may be authorized or
5803 ratified by one or more disinterested and independent persons after full disclosure of
5804 all material facts.
- 5805 (b) If not unconscionable or against public policy, the partnership agreement may:

- (i) alter or eliminate the aspects of the duty of loyalty stated in Subsection [48-2e-409(2)] 16-19-409(2);
- (ii) identify specific types or categories of activities that do not violate the duty of loyalty;
- (iii) alter the duty of care, but may not authorize intentional misconduct or knowing violation of law; and
- (iv) alter or eliminate any other fiduciary duty.
- (5) The court shall decide as a matter of law whether a term of a partnership agreement is unconscionable or against public policy under Subsection (3)(g) or (4)(b). The court:
- (a) shall make ~~[its]~~ the court's determination as of the time the challenged term became part of the partnership agreement and by considering only circumstances existing at that time; and
- (b) may invalidate the term only if, in light of the purposes, activities, and affairs of the limited partnership, it is readily apparent that:
- (i) the objective of the term is unconscionable or against public policy; or
- (ii) the means to achieve the term's objective is unconscionable or against public policy.
- Section 180. Section **16-19-108**, which is renumbered from Section 48-2e-113 is renumbered and amended to read:
- [48-2e-113] 16-19-108 . Partnership agreement -- Effect on limited partnership and person becoming partner -- Preformation agreement.**
- (1) A limited partnership is bound by and may enforce the partnership agreement, whether or not the limited partnership has itself manifested assent to the partnership agreement.
- (2) A person that becomes a partner of a limited partnership is deemed to assent to the partnership agreement.
- (3) Two or more persons intending to become the initial partners of a limited partnership may make an agreement providing that upon the formation of the limited partnership the agreement will become the limited partnership agreement.
- Section 181. Section **16-19-109**, which is renumbered from Section 48-2e-114 is renumbered and amended to read:
- [48-2e-114] 16-19-109 . Partnership agreement -- Effect on third parties and relationship to records effective on behalf of limited partnership.**
- (1)(a) A partnership agreement may specify that ~~[its-]~~ an amendment to the partnership agreement requires the approval of a person that is not a party to the partnership

agreement or the satisfaction of a condition.

(b) [-]An amendment is ineffective if [its] the amendment's adoption does not include the required approval or satisfy the specified condition.

(2)(a) The obligations of a limited partnership and [its] the limited partnership's partners to a person in the person's capacity as a transferee or person dissociated as a partner are governed by the partnership agreement.

(b) [-]Subject only to a court order issued under Subsection [48-2e-703(2)(b)] 16-19-703(2)(b) to effectuate a charging order, an amendment to the partnership agreement made after a person becomes a transferee or is dissociated as a partner: [a] (i) is effective with regard to any debt, obligation, or other liability of the limited partnership or [its] the limited partnership's partners to the person in the person's capacity as a transferee or person dissociated as a partner; and [b] (ii) is not effective to the extent the amendment imposes a new debt, obligation, or other liability on the transferee or person dissociated as a partner.

(3) If a record delivered by a limited partnership to the division for filing becomes effective and contains a provision that would be ineffective under Subsection [48-2e-112(3)] 16-19-107(3) or (4)(b) if contained in the partnership agreement, the provision is ineffective in the record.

(4) Subject to Subsection (3), if a record delivered by a limited partnership to the division for filing becomes effective and conflicts with a provision of the partnership agreement: (a) the partnership agreement prevails as to partners, persons dissociated as partners, and transferees; and (b) the record prevails as to other persons to the extent they reasonably rely on the record.

Section 182. Section **16-19-110**, which is renumbered from Section 48-2e-115 is renumbered and amended to read:

[48-2e-115] 16-19-110 . Required information.

A limited partnership shall maintain at [its] the limited partnership's principal office the following information:

- (1) a current list showing the full name and last known street and mailing address of each partner, separately identifying the general partners, in alphabetical order, and the limited partners, in alphabetical order;
- (2) a copy of the initial certificate of limited partnership and all amendments to and restatements of the certificate, together with signed copies of any powers of attorney

under which any certificate, amendment, or restatement has been signed;

(3) a copy of any filed statement of merger, interest exchange, conversion, or domestication;

(4) a copy of the limited partnership's federal, state, and local income tax returns and reports, if any, for the three most recent years;

(5) a copy of any partnership agreement made in a record and any amendment made in a record to any partnership agreement;

(6) a copy of any financial statement of the limited partnership for the three most recent years;

(7) a copy of the three most recent annual reports delivered by the limited partnership to the division pursuant to Section ~~[48-2e-212]~~ 16-1a-212;

(8) a copy of any record made by the limited partnership during the past three years of any consent given by or vote taken of any partner ~~[pursuant to]~~ in accordance with this chapter or the partnership agreement; and

(9) unless contained in a partnership agreement made in a record, a record stating:

(a) a description and statement of the agreed value of contributions other than money made and agreed to be made by each partner;

(b) the times at which, or events on the happening of which, any additional contributions agreed to be made by each partner are to be made;

(c) for any person that is both a general partner and a limited partner, a specification of what transferable interest the person owns in each capacity; and

(d) any events upon the happening of which the limited partnership is to be dissolved and ~~[its]~~ the limited partnership's activities and affairs wound up.

Section 183. Section **16-19-111**, which is renumbered from Section 48-2e-116 is renumbered and amended to read:

~~[48-2e-116]~~ 16-19-111 . Dual capacity.

(1) A person may be both a general partner and a limited partner.

(2) ~~[-]~~A person that is both a general and limited partner has the rights, powers, duties, and obligations provided by this chapter and the partnership agreement in each of those capacities.

(3) ~~[-]~~When the person acts as a general partner, the person is subject to the obligations, duties, and restrictions under this chapter and the partnership agreement for general partners.

(4) ~~[-]~~When the person acts as a limited partner, the person is subject to the obligations, duties, and restrictions under this chapter and the partnership agreement for limited

5908 partners.

5909 Section 184. Section **16-19-112**, which is renumbered from Section 48-2e-117 is renumbered
5910 and amended to read:

5911 **[48-2e-117] 16-19-112 . Delivery of record.**

5912 (1) Except as otherwise provided in this chapter, permissible means of delivery of a record
5913 include delivery by hand, the United States Postal Service, a commercial delivery
5914 service, and electronic transmission.

5915 (2) Delivery to the division is effective only when a record is received by the division.

5916 Section 185. Section **16-19-113**, which is renumbered from Section 48-2e-118 is renumbered
5917 and amended to read:

5918 **[48-2e-118] 16-19-113 . Reservation of power to amend or repeal.**

5919 The Legislature of this state has power to amend or repeal all or part of this chapter at
5920 any time, and all domestic and foreign limited partnerships subject to this chapter are governed
5921 by the amendment or repeal.

5922 Section 186. Section **16-19-114** is enacted to read:

5923 **16-19-114 . Provisions Applicable to All Business Entities Applicable.**

5924 Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of
5925 this chapter.

5926 Section 187. Section **16-19-201**, which is renumbered from Section 48-2e-201 is renumbered
5927 and amended to read:

5928 **Part 2. Formation -- Certificate of Limited Partnership and Other Filings**

5929 **[48-2e-201] 16-19-201 . Formation of limited partnership -- Certificate of limited**
5930 **partnership.**

5931 (1) To form a limited partnership, a person must deliver a certificate of limited partnership
5932 to the division for filing.

5933 (2) The certificate of limited partnership must state:

5934 (a) the name of the limited partnership, which must comply with Section [48-2e-108]
5935 16-1a-302;

5936 (b) the street and mailing address of the limited partnership's principal office;

5937 (c) the information required by ~~[Subsection 16-17-203(1)]~~ Section 16-1a-404;

5938 (d) the name and the street and mailing addresses of each general partner; and

5939 (e) whether the limited partnership is a limited liability limited partnership.

5940 (3) A certificate of limited partnership may contain statements as to matters other than
5941 those required by Subsection (2), but may not vary or otherwise affect the provisions

specified in Subsection [48-2e-112(3)] 16-19-107(3) in a manner inconsistent with that Subsection (2).

(4) A limited partnership is formed when:

- (a) the certificate of limited partnership has become effective;
- (b) at least two persons have become partners;
- (c) at least one person has become a general partner; and
- (d) at least one person has become a limited partner.

Section 188. Section **16-19-202**, which is renumbered from Section 48-2e-202 is renumbered and amended to read:

[48-2e-202] 16-19-202 . Amendment of restatement of certificate of limited partnership.

(1) A certificate of limited partnership may be amended or restated at any time.

(2) To amend [its] a limited partnership's certificate of limited partnership, a limited partnership must deliver to the division for filing an amendment stating:

- (a) the name of the limited partnership;
- (b) the date of filing of [its] the limited partnership's initial certificate of limited partnership; and
- (c) the changes the amendment makes to the certificate of limited partnership as most recently amended or restated.

(3) To restate [its] a limited partnership's certificate of limited partnership, a limited partnership must deliver to the division for filing a restatement designated as such in [its] the restatement's heading.

(4) A limited partnership shall promptly deliver to the division for filing an amendment to a certificate of limited partnership to reflect:

- (a) the admission of a new general partner;
- (b) the dissociation of a person as a general partner; or
- (c) the appointment of a person to wind up the limited partnership's activities and affairs under Subsection [48-2e-802(3)] 16-19-802(3) or (4).

(5) If a general partner knows that any information in a filed certificate of limited partnership was inaccurate when the certificate of limited partnership was filed or has become inaccurate due to changed circumstances, the general partner shall promptly:

- (a) cause the certificate of limited partnership to be amended; or
- (b) if appropriate, deliver to the division for filing a statement of change under Section [48-2e-208] 16-17-206 16-1a-407 or a statement of correction under Section [48-2e-208]

5976 16-1a-206.

5977 Section 189. Section **16-19-301**, which is renumbered from Section 48-2e-301 is renumbered
5978 and amended to read:

5979 **Part 3. Limited Partners**

5980 **[48-2e-301] 16-19-301 . Becoming limited partners.**

5981 (1) Upon formation of a limited partnership, a person becomes a limited partner as agreed
5982 among the persons that are to be the initial partners.

5983 (2) After formation, a person becomes a limited partner:

5984 (a) as provided in the partnership agreement;

5985 (b) as the result of a transaction effective under~~[Part 11, Merger, Interest Exchange,~~
5986 ~~Conversion, and Domestication]~~ :

5987 (i) Chapter 1a, Part 7, Merger;

5988 (ii) Chapter 1a, Part 8, Interest Exchange;

5989 (iii) Chapter 1a, Part 9, Conversion; or

5990 (iv) Chapter 1a, Part 10, Domestication;

5991 (c) with the affirmative vote or consent of all the partners; or

5992 (d) as provided in Subsection ~~[48-2e-801(1)(d)]~~ 16-19-801(1)(d) or (1)(e).

5993 (3) A person may become a partner without:

5994 (a) acquiring a transferable interest; or

5995 (b) making or being obligated to make a contribution to the limited partnership.

5996 Section 190. Section **16-19-302**, which is renumbered from Section 48-2e-302 is renumbered
5997 and amended to read:

5998 **[48-2e-302] 16-19-302 . No agency power of limited partner as limited partner.**

5999 (1) A limited partner is not an agent of a limited partnership solely by reason of being a
6000 limited partner.

6001 (2) A person's status as a limited partner does not prevent or restrict law other than this
6002 chapter from imposing liability on a limited partnership because of the person's conduct.

6003 Section 191. Section **16-19-303**, which is renumbered from Section 48-2e-303 is renumbered
6004 and amended to read:

6005 **[48-2e-303] 16-19-303 . No liability as limited partner for limited partnership**
6006 **obligations.**

6007 (1)(a) A debt, obligation, or other liability of a limited partnership is not the debt,
6008 obligation, or other liability of a limited partner.

6009 (b) ~~[-]~~A limited partner is not personally liable, directly or indirectly, by way of

contribution or otherwise, for a debt, obligation, or other liability of the limited partnership solely by reason of being or acting as a limited partner, even if the limited partner participates in the management and control of the limited partnership.

- (2) The failure of a limited partnership to observe formalities relating to the exercise of [its] the limited partnership's powers or management of [its] the limited partnership's activities and affairs is not a ground for imposing liability on a limited partner for a debt, obligation, or other liability of the limited partnership.

Section 192. Section **16-19-304**, which is renumbered from Section 48-2e-304 is renumbered and amended to read:

~~[48-2e-304]~~ 16-19-304 . Rights to information of limited partner and person dissociated as limited partner.

- (1)(a) On 10 days' demand, made in a record received by the limited partnership, a limited partner may inspect and copy required information during regular business hours in the limited partnership's principal office.
- (b) [-]The limited partner need not have any particular purpose for seeking the information.
- (2) During regular business hours and at a reasonable location specified by the limited partnership, a limited partner may inspect and copy information regarding the activities, affairs, financial condition, and other circumstances of the limited partnership as is just and reasonable if:
- (a) the limited partner seeks the information for a purpose reasonably related to the partner's interest as a limited partner;
 - (b) the limited partner makes a demand in a record received by the limited partnership, describing with reasonable particularity the information sought and the purpose for seeking the information; and
 - (c) the information sought is directly connected to the limited partner's purpose.
- (3) Not later than 10 days after receiving a demand pursuant to Subsection (2), the limited partnership in a record shall inform the limited partner that made the demand of:
- (a) the information the limited partnership will provide in response to the demand and when and where the limited partnership will provide the information; and
 - (b) the limited partnership's reasons for declining, if the limited partnership declines to provide any demanded information.
- (4) Whenever this chapter or a partnership agreement provides for a limited partner to vote on or give or withhold consent to a matter, before the vote is cast or consent is given or

withheld, the limited partnership shall, without demand, provide the limited partner with all information that is known to the limited partnership and is material to the limited partner's decision.

(5) Subject to Subsection (10), on 10 days' demand made in a record received by a limited partnership, a person dissociated as a limited partner may have access to information to which the person was entitled while a limited partner if:

(a) the information pertains to the period during which the person was a limited partner;

(b) the person seeks the information in good faith; and

(c) the person satisfies the requirements imposed on a limited partner by Subsection (2).

(6) The limited partnership shall respond to a demand made pursuant to Subsection (5) in the manner provided in Subsection (3).

(7) A limited partnership may charge a person that makes a demand under this section reasonable costs of copying, limited to the costs of labor and material.

(8)(a) A limited partner or person dissociated as a limited partner may exercise the rights under this section through an agent or, in the case of an individual under legal disability, a legal representative.

(b) [-]Any restriction or condition imposed by the partnership agreement or under Subsection (11) applies both to the agent or legal representative and to the limited partner or person dissociated as a limited partner.

(9) Subject to Subsection (10), the rights under this section do not extend to a person as transferee.

(10) If a limited partner dies, Section ~~[48-2e-704]~~ 16-19-704 applies.

(11)(a) In addition to any restriction or condition stated in [its] a limited partnership's partnership agreement, a limited partnership, as a matter within the ordinary course of [its] the limited partnership's activities and affairs, may impose reasonable restrictions and conditions on access to and use of information to be furnished under this section, including designating information confidential and imposing nondisclosure and safeguarding obligations on the recipient.

(b) [-]In a dispute concerning the reasonableness of a restriction under this Subsection (11), the limited partnership has the burden of proving reasonableness.

Section 193. Section **16-19-305**, which is renumbered from Section 48-2e-305 is renumbered and amended to read:

[48-2e-305] 16-19-305 . Limited duties of limited partners.

(1) A limited partner shall discharge any duties to the limited partnership and the other

partners under the partnership agreement and exercise any rights under this chapter or the partnership agreement consistently with the contractual obligation of good faith and fair dealing.

(2) Except as otherwise provided in Subsection (1), a limited partner does not have any duty to the limited partnership or to any other partner solely by reason of acting as a limited partner.

(3) If a limited partner enters into a transaction with a limited partnership, the limited partner's rights and obligations arising from the transaction are the same as those of a person that is not a partner.

Section 194. Section **16-19-306**, which is renumbered from Section 48-2e-306 is renumbered and amended to read:

[48-2e-306] 16-19-306 . Person erroneously believing self to be limited partner.

(1) Except as otherwise provided in Subsection (2), a person that makes an investment in a business enterprise and erroneously but in good faith believes that the person has become a limited partner in the enterprise is not liable for the enterprise's obligations by reason of making the investment, receiving distributions from the enterprise, or exercising any rights of or appropriate to a limited partner, if, on ascertaining the mistake, the person:

(a) causes an appropriate certificate of limited partnership, amendment, or statement of correction to be signed and delivered to the division for filing; or

(b) withdraws from future participation as an owner in the enterprise by signing and delivering to the division for filing a statement of negation under this section.

(2) A person that makes an investment described in Subsection (1) is liable to the same extent as a general partner to any third party that enters into a transaction with the enterprise, believing in good faith that the person is a general partner, before the division files a statement of negation, certificate of limited partnership, amendment, or statement of correction to show that the person is not a general partner.

(3) If a person makes a diligent effort in good faith to comply with Subsection (1)(a) and is unable to cause the appropriate certificate of limited partnership, amendment, or statement of correction to be signed and delivered to the division for filing, the person has the right to withdraw from the enterprise [~~pursuant to~~] in accordance with Subsection (1)(b) even if the withdrawal would otherwise breach an agreement with others that are or have agreed to become co-owners of the enterprise.

Section 195. Section **16-19-401**, which is renumbered from Section 48-2e-401 is renumbered

and amended to read:

Part 4. General Partners

[48-2e-401] 16-19-401 . Becoming general partner.

(1) A person becomes a general partner:

(a) upon formation of a limited partnership, as agreed among the persons that are to be the initial partners; and

(b) after formation:

(i) as provided in the partnership agreement;

(ii) under Subsection [48-2e-801(1)(e)(ii)] 16-19-801(1)(c)(ii) following the dissociation of a limited partnership's last general partner;

(iii) as the result of a transaction effective under~~[Part 11, Merger, Interest Exchange, Conversion, and Domestication]~~ :

(A) Chapter 1a, Part 7, Merger;

(B) Chapter 1a, Part 8, Interest Exchange;

(C) Chapter 1a, Part 9, Conversion; or

(D) Chapter 1a, Part 10, Domestication; or

(iv) with the affirmative vote or consent of all the partners.

(2) A person may become a general partner without:

(a) acquiring a transferable interest; or

(b) making or being obligated to make a contribution to the limited partnership.

Section 196. Section **16-19-402**, which is renumbered from Section 48-2e-402 is renumbered and amended to read:

[48-2e-402] 16-19-402 . General partner agent of limited partnership.

(1)(a) Each general partner is an agent of the limited partnership for the purposes of [its] the limited partnership's activities and affairs.

(b) ~~[-]~~An act of a general partner, including the signing of a record in the limited partnership's name, for apparently carrying on in the ordinary course the limited partnership's activities and affairs or activities and affairs of the kind carried on by the limited partnership binds the limited partnership, unless the general partner did not have authority to act for the limited partnership in the particular matter and the person with which the general partner was dealing knew or had notice that the general partner lacked authority.

(2) An act of a general partner which is not apparently for carrying on in the ordinary course the limited partnership's activities and affairs or activities and affairs of the kind

carried on by the limited partnership binds the limited partnership only if the act was actually authorized by all the other partners.

Section 197. Section **16-19-403**, which is renumbered from Section 48-2e-403 is renumbered and amended to read:

[48-2e-403] 16-19-403 . Limited partnership liable for general partner's actionable conduct.

- (1) A limited partnership is liable for loss or injury caused to a person, or for a penalty incurred, as a result of a wrongful act or omission, or other actionable conduct, of a general partner acting in the ordinary course of activities and affairs of the limited partnership or with the actual or apparent authority of the limited partnership.
- (2) If, in the course of a limited partnership's activities and affairs or while acting with actual or apparent authority of the limited partnership, a general partner receives or causes the limited partnership to receive money or property of a person not a partner, and the money or property is misapplied by a general partner, the limited partnership is liable for the loss.

Section 198. Section **16-19-404**, which is renumbered from Section 48-2e-404 is renumbered and amended to read:

[48-2e-404] 16-19-404 . General partner's liability.

- (1) Except as otherwise provided in Subsections (2) and (3), all general partners are liable jointly and severally for all debts, obligations, and other liabilities of the limited partnership unless otherwise agreed by the claimant or provided by law.
- (2) A person that becomes a general partner of an existing limited partnership is not personally liable for a debt, obligation, or other liability of the limited partnership incurred before the person became a general partner.
- (3)(a) A debt, obligation, or other liability of a limited partnership incurred while the limited partnership is a limited liability limited partnership is solely the debt, obligation, or other liability of the limited liability limited partnership.
- (b) [-]A general partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the limited liability limited partnership solely by reason of being or acting as a general partner.
- (c) [-]This Subsection (3) applies despite anything inconsistent in the partnership agreement that existed immediately before the vote or consent required to become a limited liability limited partnership under Subsection ~~[48-2e-406(2)(b)]~~ 16-19-406(2)(b).

(4) The failure of a limited liability limited partnership to observe formalities relating to the exercise of [its] the limited liability limited partnership's powers or management of [its] the limited liability limited partnership's activities and affairs is not a ground for imposing liability on a general partner of the limited liability limited partnership for a debt, obligation, or liability of the limited partnership.

(5) An amendment of a certificate of limited partnership which deletes a statement that the limited partnership is a limited liability limited partnership does not affect the limitation in this section on liability of a general partner for a debt, obligation, or other liability of the limited partnership incurred before the amendment became effective.

Section 199. Section **16-19-405**, which is renumbered from Section 48-2e-405 is renumbered and amended to read:

[48-2e-405] 16-19-405 . Actions by and against partnership and partners.

(1) To the extent not inconsistent with Section ~~[48-2e-404]~~ 16-19-404, a general partner may be joined in an action against the limited partnership or named in a separate action.

(2)(a) A judgment against a limited partnership is not by itself a judgment against a general partner.

(b) ~~[-]~~A judgment against a limited partnership may not be satisfied from a general partner's assets unless there is also a judgment against the general partner.

(3) A judgment creditor of a general partner may not levy execution against the assets of the general partner to satisfy a judgment based on a claim against the limited partnership, unless the general partner is personally liable for the claim under Section ~~[48-2e-404]~~ 16-19-404, and:

(a) a judgment based on the same claim has been obtained against the limited partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;

(b) the limited partnership is a debtor in bankruptcy;

(c) the general partner has agreed that the creditor need not exhaust limited partnership assets;

(d) a court grants permission to the judgment creditor to levy execution against the assets of a general partner based on a finding that the limited partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or

(e) liability is imposed on the general partner by law or contract independent of the

6214 existence of the limited partnership.

6215 Section 200. Section **16-19-406**, which is renumbered from Section 48-2e-406 is renumbered
6216 and amended to read:

6217 **[48-2e-406] 16-19-406 . Management rights of general partner.**

6218 (1)(a) Each general partner has equal rights in the management and conduct of the
6219 limited partnership's activities and affairs.

6220 (b) [-]Except as otherwise provided in this chapter, any matter relating to the activities
6221 and affairs of the limited partnership is decided exclusively by the general partner or,
6222 if there is more than one general partner, by a majority of the general partners.

6223 (2) The affirmative vote or consent of all partners is required to:

6224 (a) amend the partnership agreement;

6225 (b) amend the certificate of limited partnership to add or delete a statement that the
6226 limited partnership is a limited liability limited partnership;

6227 (c) sell, lease, exchange, or otherwise dispose of all, or substantially all, of the limited
6228 partnership's property, with or without the good will, other than in the usual and
6229 regular course of the limited partnership's activities and affairs; and

6230 (d) approve a transaction under~~[Part 11, Merger, Interest Exchange, Conversion, and~~
6231 ~~Domestication]~~ :

6232 (i) Chapter 1a, Part 7, Merger;

6233 (ii) Chapter 1a, Part 8, Interest Exchange;

6234 (iii) Chapter 1a, Part 9, Conversion; or

6235 (iv) Chapter 1a, Part 10, Domestication.

6236 (3) A limited partnership shall reimburse a general partner for an advance to the limited
6237 partnership beyond the amount of capital the general partner agreed to contribute.

6238 (4) A payment or advance made by a general partner which gives rise to an obligation of
6239 the limited partnership under Subsection (3) or Subsection ~~[48-2e-408(1)]~~ 16-19-408(1)
6240 constitutes a loan to the limited partnership which accrues interest from the date of the
6241 payment or advance.

6242 (5) A general partner is not entitled to remuneration for services performed for the limited
6243 partnership.

6244 Section 201. Section **16-19-407**, which is renumbered from Section 48-2e-407 is renumbered
6245 and amended to read:

6246 **[48-2e-407] 16-19-407 . Rights to information of general partner and person**
6247 **dissociated as general partner.**

- (1) A general partner may inspect and copy required information during regular business hours in the limited partnership's principal office, without having any particular purpose for seeking the information.
- (2) On reasonable notice, a general partner may inspect and copy during regular business hours, at a reasonable location specified by the limited partnership, any record maintained by the limited partnership regarding the limited partnership's activities, affairs, financial condition, and other circumstances, to the extent the information is material to the general partner's rights and duties under the partnership agreement or this chapter.
- (3) A limited partnership shall furnish to each general partner:
- (a) without demand, any information concerning the limited partnership's activities, affairs, financial condition, and other circumstances which the limited partnership knows and are material to the proper exercise of the general partner's rights and duties under the partnership agreement or this chapter, except to the extent the limited partnership can establish that it reasonably believes the general partner already knows the information; and
 - (b) on demand, any other information concerning the limited partnership's activities, affairs, financial condition, and other circumstances, except to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances.
- (4) The duty to furnish information under Subsection (2) also applies to each general partner to the extent the general partner knows any of the information described in Subsection (2).
- (5) Subject to Subsection (8), on 10 days' demand made in a record received by the limited partnership, a person dissociated as a general partner may have access to the information and records described in Subsections (1) and (2) at the locations specified in those subsections if:
- (a) the information or record pertains to the period during which the person was a general partner;
 - (b) the person seeks the information or record in good faith; and
 - (c) the person satisfies the requirements imposed on a limited partner by Subsection [48-2e-304(2)] 16-19-304(2).
- (6) The limited partnership shall respond to a demand made ~~[pursuant to]~~ in accordance with Subsection (3) in the manner provided in Subsection ~~[48-2e-304(3)]~~ 16-19-304(3).

- (7) A limited partnership may charge a person that makes a demand under this section the reasonable costs of copying, limited to the costs of labor and material.
- (8)(a) A general partner or person dissociated as a general partner may exercise rights under this section through an agent or, in the case of an individual under legal disability, a legal representative.
- (b) ~~[-]~~Any restriction or condition imposed by the partnership agreement or under Subsection (9) applies both to the agent or legal representative and the general partner or person dissociated as a general partner.
- (9) The rights under this section do not extend to a person as transferee, but if:
- (a) a general partner dies, Section ~~[48-2e-704]~~ 16-19-704 applies; and
- (b) an individual dissociates as a general partner under Subsection ~~[48-2e-603(7)(b)]~~ 16-19-603(7)(b) or (7)(c), the legal representative of the individual may exercise the rights under Subsection (4) of a person dissociated as a general partner.
- (10)(a) In addition to any restriction or condition stated in the partnership agreement, a limited partnership, as a matter within the ordinary course of ~~[its]~~ the limited partnership's activities and affairs, may impose reasonable restrictions and conditions on access to and use of information to be furnished under this section, including designating information confidential and imposing nondisclosure and safeguarding obligations on the recipient.
- (b) ~~[-]~~In a dispute concerning the reasonableness of a restriction under this Subsection (10), the limited partnership has the burden of proving reasonableness.
- Section 202. Section **16-19-408**, which is renumbered from Section 48-2e-408 is renumbered and amended to read:
- ~~[48-2e-408]~~ 16-19-408 . Reimbursement, indemnification, advancement, and insurance.**
- (1) A limited partnership shall reimburse a general partner for any payment made by the general partner in the course of the general partner's activities on behalf of the limited partnership, if the general partner complied with Sections ~~[48-2e-406]~~ 16-19-406, ~~[48-2e-409]~~ 16-19-409, and ~~[48-2e-504]~~ 16-19-504 in making the payment.
- (2) A limited partnership shall indemnify and hold harmless a person with respect to any claim or demand against the person and any debt, obligation, or other liability incurred by the person by reason of the person's former or present capacity as a general partner, if the claim, demand, debt, obligation, or other liability does not arise from the person's breach of Section ~~[48-2e-406]~~ 16-19-406, ~~[48-2e-409]~~ 16-19-409, or ~~[48-2e-504]~~

6316 16-19-504.

6317 (3) In the ordinary course of [its] a limited partnership's activities and affairs, a limited
 6318 partnership may advance reasonable expenses, including attorney's fees and costs,
 6319 incurred by a person in connection with a claim or demand against the person by reason
 6320 of the person's former or present capacity as a general partner, if the person promises to
 6321 repay the limited partnership if the person ultimately is determined not to be entitled to
 6322 be indemnified under Subsection (2).

6323 (4) A limited partnership may purchase and maintain insurance on behalf of a general
 6324 partner against liability asserted against or incurred by the general partner in that
 6325 capacity or arising from that status even if, under Subsection [~~48-2e-112(3)(h)~~]
 6326 16-19-107(3)(h), the partnership agreement could not eliminate or limit the person's
 6327 liability to the limited partnership for the conduct giving rise to the liability.

6328 Section 203. Section **16-19-409**, which is renumbered from Section 48-2e-409 is renumbered
 6329 and amended to read:

6330 **[48-2e-409] 16-19-409 . Standards of conduct for general partners.**

6331 (1) A general partner owes to the limited partnership and, subject to Subsection [
 6332 ~~48-2e-1001(1)~~] 16-19-1001(1), the other partners the duties of loyalty and care stated in
 6333 Subsections (2) and (3).

6334 (2) The duty of loyalty of a general partner includes the duties:

6335 (a) to account to the limited partnership and hold as trustee for [it] the limited partnership
 6336 any property, profit, or benefit derived by the general partner:

6337 (i) in the conduct or winding up of the limited partnership's activities and affairs;

6338 (ii) from a use by the general partner of the limited partnership's property; or

6339 (iii) from the appropriation of a limited partnership opportunity;

6340 (b) to refrain from dealing with the limited partnership in the conduct or winding up of
 6341 the limited partnership's activities and affairs as or on behalf of a person having an
 6342 interest adverse to the limited partnership; and

6343 (c) to refrain from competing with the limited partnership in the conduct or winding up
 6344 of the limited partnership's activities and affairs.

6345 (3) The duty of care of a general partner in the conduct or winding up of the limited
 6346 partnership's activities and affairs is to refrain from engaging in grossly negligent or
 6347 reckless conduct, intentional misconduct, or a knowing violation of law.

6348 (4) A general partner shall discharge the duties and obligations under this chapter or under
 6349 the partnership agreement and exercise any rights consistently with the contractual

obligation of good faith and fair dealing.

(5) A general partner does not violate a duty or obligation under this chapter or under the partnership agreement solely because the general partner's conduct furthers the general partner's own interest.

(6) All the partners of a limited partnership may authorize or ratify, after full disclosure of all material facts, a specific act or transaction by a general partner that otherwise would violate the duty of loyalty.

(7) It is a defense to a claim under Subsection (2)(b) and any comparable claim in equity or at common law that the transaction was fair to the limited partnership.

(8) If, as permitted by Subsection (6) or the partnership agreement, a general partner enters into a transaction with the limited partnership which otherwise would be prohibited by Subsection (2)(b), the general partner's rights and obligations arising from the transaction are the same as those of a person that is not a general partner.

Section 204. Section **16-19-501**, which is renumbered from Section 48-2e-501 is renumbered and amended to read:

Part 5. Contributions and Distributions

[48-2e-501] 16-19-501 . Form of contribution.

A contribution may consist of property transferred to, services performed for, or another benefit provided to the limited partnership or an agreement to transfer property to, perform services for, or provide another benefit to the limited partnership.

Section 205. Section **16-19-502**, which is renumbered from Section 48-2e-502 is renumbered and amended to read:

[48-2e-502] 16-19-502 . Liability for contribution.

(1) A person's obligation to make a contribution to a limited partnership is not excused by the person's death, disability, dissolution, or other inability to perform personally.

(2) If a person does not fulfill an obligation to make a contribution other than money, the person is obligated at the option of the limited partnership to contribute money equal to the value, as stated in the required information, of the part of the contribution which has not been made.

(3)(a) The obligation of a person to make a contribution may be compromised only by the affirmative vote or consent of all partners.

(b) [-]If a creditor of a limited partnership extends credit or otherwise acts in reliance on an obligation described in Subsection (1) without notice of any compromise under this subsection, the creditor may enforce the original obligation.

Section 206. Section **16-19-503**, which is renumbered from Section 48-2e-503 is renumbered and amended to read:

[48-2e-503] 16-19-503 . Sharing of and right to distributions before dissolution.

- (1) Except to the extent necessary to comply with a transfer effective under Section [48-2e-702] 16-19-702 or charging order in effect under Section [48-2e-703] 16-19-703, any distributions made by a limited partnership before [its] the limited partnership's dissolution and winding up must be in equal shares among partners and persons dissociated as partners.
- (2) A person has a right to a distribution before the dissolution and winding up of a limited partnership only if the limited partnership decides to make an interim distribution. A person's dissociation does not entitle the person to a distribution.
- (3)(a) A person does not have a right to demand or receive a distribution from a limited partnership in any form other than money.
- (b) [-]Except as otherwise provided in Subsection [48-2e-813(5)] 16-19-811(5), a partnership may distribute an asset in kind only if each part of the asset is fungible with each other part and each person receives a percentage of the asset equal in value to the person's share of distributions.
- (4)(a) If a partner or transferee becomes entitled to receive a distribution, the partner or transferee has the status of, and is entitled to all remedies available to, a creditor of the limited partnership with respect to the distribution.
- (b) [-]However, the limited partnership's obligation to make a distribution is subject to offset for any amount owed to the limited partnership by the partner or a person dissociated as a partner on whose account the distribution is made.

Section 207. Section **16-19-504**, which is renumbered from Section 48-2e-504 is renumbered and amended to read:

[48-2e-504] 16-19-504 . Limitations on distributions.

- (1) A limited partnership may not make a distribution, including a distribution under Section [48-2e-813] 16-19-811, if after the distribution:
 - (a) the limited partnership would not be able to pay [its] the limited partnership's debts as [they] the debts become due in the ordinary course of the limited partnership's activities and affairs; or
 - (b) the limited partnership's total assets would be less than the sum of [its] the limited partnership's total liabilities plus, unless the partnership agreement permits otherwise, the amount that would be needed, if the limited partnership were to be dissolved and

wound up at the time of the distribution, to satisfy the preferential rights upon dissolution and winding up of partners and transferees whose preferential rights are superior to those of persons receiving the distribution.

(2) A limited partnership may base a determination that a distribution is not prohibited under Subsection (1) on:

(a) financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances; or

(b) a fair valuation or other method that is reasonable under the circumstances.

(3) Except as otherwise provided in Subsection (5), the effect of a distribution under Subsection (1) is measured:

(a) in the case of distribution as defined in Subsection [~~48-2e-102(4)(a)~~] 16-19-101(4)(a), as of the earlier of:

(i) the date money or other property is transferred or debt is incurred by the limited partnership; or

(ii) the date the person entitled to the distribution ceases to own the interest or right being acquired by the limited partnership in return for the distribution;

(b) in the case of any other distribution of indebtedness, as of the date the indebtedness is distributed; and

(c) in all other cases, as of the date:

(i) the distribution is authorized, if the payment occurs not later than 120 days after that date; or

(ii) the payment is made, if payment occurs more than 120 days after the distribution is authorized.

(4) A limited partnership's indebtedness to a partner or transferee incurred by reason of a distribution made in accordance with this section is at parity with the limited partnership's indebtedness to [its] the limited partnership's general, unsecured creditors, except to the extent subordinated by agreement.

(5)(a) A limited partnership's indebtedness, including indebtedness issued as a distribution, is not considered a liability for purposes of Subsection (1) if the terms of the indebtedness provide that payment of principal and interest is made only if and to the extent that payment of a distribution could then be made under this section.

(b) [-]If the indebtedness is issued as a distribution, each payment of principal or interest is treated as a distribution, the effect of which is measured on the date the payment is made.

- (6) In measuring the effect of a distribution under Section ~~[48-2e-813]~~ 16-19-811, the liabilities of a dissolved limited partnership do not include any claim that has been disposed of under Section ~~[48-2e-806]~~ 16-19-806, ~~[48-2e-807]~~ 16-19-807, or ~~[48-2e-808]~~ 16-19-808.

Section 208. Section **16-19-505**, which is renumbered from Section 48-2e-505 is renumbered and amended to read:

~~[48-2e-505]~~ 16-19-505 . Liability for improper distributions.

- (1) If a general partner consents to a distribution made in violation of Section ~~[48-2e-504]~~ 16-19-504 and in consenting to the distribution fails to comply with Section ~~[48-2e-409]~~ 16-19-409, the general partner is personally liable to the limited partnership for the amount of the distribution which exceeds the amount that could have been distributed without the violation of Section ~~[48-2e-504]~~ 16-19-504.
- (2) A person that receives a distribution knowing that the distribution violated Section ~~[48-2e-504]~~ 16-19-504 is personally liable to the limited partnership but only to the extent that the distribution received by the person exceeded the amount that could have been properly paid under Section ~~[48-2e-504]~~ 16-19-504.
- (3) A general partner against which an action is commenced because the general partner is liable under Subsection (1) may:
- (a) implead any other person that is liable under Subsection (1) and seek to enforce a right of contribution from the person; and
 - (b) implead any person that received a distribution in violation of Subsection (2) and seek to enforce a right of contribution from the person in the amount the person received in violation of Subsection (2).
- (4) An action under this section is barred unless commenced not later than two years after the distribution.

Section 209. Section **16-19-601**, which is renumbered from Section 48-2e-601 is renumbered and amended to read:

Part 6. Dissociation

~~[48-2e-601]~~ 16-19-601 . Dissociation as limited partner.

- (1) A person does not have a right to dissociate as a limited partner before the completion of the winding up of the limited partnership.
- (2) A person is dissociated as a limited partner when:
- (a) the limited partnership has notice of the person's express will to withdraw as a limited partner, but, if the person specified a withdrawal date later than the date the

- 6486 limited partnership had notice, on that later date;
- 6487 (b) an event stated in the partnership agreement as causing the person's dissociation as a
- 6488 limited partner occurs;
- 6489 (c) the person is expelled as a limited partner pursuant to the partnership agreement;
- 6490 (d) the person is expelled as a limited partner by the unanimous vote or consent of the
- 6491 other partners if:
- 6492 (i) it is unlawful to carry on the limited partnership's activities and affairs with the
- 6493 person as a limited partner;
- 6494 (ii) there has been a transfer of all of the person's transferable interest in the limited
- 6495 partnership, other than:
- 6496 (A) a transfer for security purposes; or
- 6497 (B) a charging order in effect under Section [48-2e-703] 16-19-703 which has not
- 6498 been foreclosed;
- 6499 (iii) the person is a corporation and:
- 6500 (A) the limited partnership notifies the person that [it] the person will be expelled
- 6501 as a limited partner because the person has filed a statement of dissolution or
- 6502 the equivalent, [its] the person's charter has been revoked, or [its] the person's
- 6503 right to conduct business has been suspended by the jurisdiction of [its] the
- 6504 person's incorporation; and
- 6505 (B) not later than 90 days after the notification the statement of dissolution or the
- 6506 equivalent has not been revoked or [its] the person's charter or right to conduct
- 6507 business has not been reinstated; or
- 6508 (iv) the person is an unincorporated entity that has been dissolved and whose
- 6509 business is being wound up;
- 6510 (e) on application by the limited partnership, the person is expelled as a limited partner
- 6511 by judicial order because the person:
- 6512 (i) has engaged or is engaging in wrongful conduct that has affected adversely and
- 6513 materially, or will affect adversely and materially, the limited partnership's
- 6514 activities and affairs;
- 6515 (ii) has committed willfully or persistently, or is committing willfully or persistently,
- 6516 a material breach of the partnership agreement or the contractual obligation of
- 6517 good faith and fair dealing under Subsection [48-2e-305(1)] 16-19-305(1); or
- 6518 (iii) has engaged or is engaging in conduct relating to the limited partnership's
- 6519 activities and affairs which makes it not reasonably practicable to carry on the

activities and affairs with the person as a limited partner;

- (f) in the case of a person who is an individual, the individual dies;
- (g) in the case of a person that is a testamentary or inter vivos trust or is acting as a limited partner by virtue of being a trustee of such a trust, the trust's entire transferable interest in the limited partnership is distributed;
- (h) in the case of a person that is an estate or is acting as a limited partner by virtue of being a personal representative of an estate, the estate's entire transferable interest in the limited partnership is distributed;
- (i) in the case of a person that is not an individual, corporation, unincorporated entity, trust, or estate, the existence of the person terminates;
- (j) the limited partnership participates in a merger under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, and:
 - (i) the limited partnership is not the surviving entity; or
 - (ii) otherwise as a result of the merger, the person ceases to be a limited partner;
- (k) the limited partnership participates in an interest exchange under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 8, Interest Exchange, and as a result of the interest exchange, the person ceases to be a limited partner;
- (l) the limited partnership participates in a conversion under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 9, Conversion;
- (m) the limited partnership participates in a domestication under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 10, Domestication, and as a result of the domestication, the person ceases to be a limited partner; or
- (n) the limited partnership dissolves and completes winding up.

Section 210. Section **16-19-602**, which is renumbered from Section 48-2e-602 is renumbered and amended to read:

[~~48-2e-602~~] 16-19-602 . Effect of dissociation as limited partner.

- (1) If a person is dissociated as a limited partner:
 - (a) subject to Section [~~48-2e-704~~] 16-19-704, the person does not have further rights as a limited partner;
 - (b) the person's contractual obligation of good faith and fair dealing as a limited partner under Subsection [~~48-2e-305(1)~~] 16-19-305(1) ends with regard to matters arising and events occurring after the person's dissociation; and

(c) subject to Section ~~[48-2e-704]~~ 16-19-704 and ~~[Part 11, Merger, Interest Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, any transferable interest owned by the person in the person's capacity as a limited partner immediately before dissociation is owned by the person solely as a transferee.

(2) A person's dissociation as a limited partner does not of itself discharge the person from any debt, obligation, or other liability to the limited partnership or the other partners which the person incurred while a limited partner.

Section 211. Section **16-19-603**, which is renumbered from Section 48-2e-603 is renumbered and amended to read:

[48-2e-603] 16-19-603 . Dissociation as general partner.

A person is dissociated as a general partner when:

- (1) the limited partnership has notice of the person's express will to withdraw as a general partner, but, if the person specifies a withdrawal date later than the date the limited partnership had notice, on that later date;
- (2) an event stated in the partnership agreement as causing the person's dissociation as a general partner occurs;
- (3) the person is expelled as a general partner pursuant to the partnership agreement;
- (4) the person is expelled as a general partner by the unanimous vote or consent of the other partners if:
 - (a) it is unlawful to carry on the limited partnership's activities and affairs with the person as a general partner;
 - (b) there has been a transfer of all of the person's transferable interest in the limited partnership, other than:
 - (i) a transfer for security purposes; or
 - (ii) a charging order in effect under Section ~~[48-2e-703]~~ 16-19-703 which has not been foreclosed;
- (c) the person is a corporation, and:
 - (i) the limited partnership notifies the person that ~~[it]~~ the person will be expelled as a general partner because the person has filed a statement of dissolution or the equivalent, ~~[its]~~ the person's charter has been revoked, or ~~[its]~~ the person's right to conduct business has been suspended by the jurisdiction of ~~[its]~~ the person's incorporation; and

- 6588 (ii) not later than 90 days after the notification of the statement of dissolution or the
6589 equivalent has not been revoked or [its] the person's charter or right to conduct
6590 business has not been reinstated; or
- 6591 (d) the person is an unincorporated entity that has been dissolved and whose business is
6592 being wound up;
- 6593 (5) on application by the limited partnership or a partner in a direct action under Section [
6594 ~~48-2e-1001~~] 16-19-1001, the person is expelled as a general partner by judicial order
6595 because the person:
- 6596 (a) has engaged or is engaging in wrongful conduct that has affected adversely and
6597 materially, or will affect adversely and materially, the limited partnership's activities
6598 and affairs;
- 6599 (b) has committed willfully or persistently, or is committing willfully or persistently, a
6600 material breach of the partnership agreement or a duty or obligation under Section [
6601 ~~48-2e-409~~] 16-19-409; or
- 6602 (c) has engaged or is engaging in conduct relating to the limited partnership's activities
6603 and affairs which makes it not reasonably practicable to carry on the activities or
6604 affairs of the limited partnership with the person as a general partner;
- 6605 (6) in the case of a person who is an individual:
- 6606 (a) the individual dies;
- 6607 (b) a guardian or general conservator for the individual is appointed; or
- 6608 (c) a court orders that the individual has otherwise become incapable of performing the
6609 individual's duties as a general partner under this chapter or the partnership
6610 agreement;
- 6611 (7) the person:
- 6612 (a) becomes a debtor in bankruptcy;
- 6613 (b) executes an assignment for the benefit of creditors; or
- 6614 (c) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or
6615 liquidator of the person or of all or substantially all of the person's property;
- 6616 (8) in the case of a person that is a testamentary or inter vivos trust or is acting as a general
6617 partner by virtue of being a trustee of such a trust, the trust's entire transferable interest
6618 in the limited partnership is distributed;
- 6619 (9) in the case of a person that is an estate or is acting as a general partner by virtue of being
6620 a personal representative of an estate, the estate's entire transferable interest in the
6621 limited partnership is distributed;

- (10) in the case of a person that is not an individual, corporation, unincorporated entity, trust, or estate, the existence of the person terminates;
- (11) the limited partnership participates in a merger under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, and:
- (a) the limited partnership is not the surviving entity; or
 - (b) otherwise as a result of the merger, the person ceases to be a general partner;
- (12) the limited partnership participates in an interest exchange under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 8, Interest Exchange, and, as a result of the interest exchange, the person ceases to be a general partner;
- (13) the limited partnership participates in a conversion under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 9, Conversion;
- (14) the limited partnership participates in a domestication under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 10, Domestication, and, as a result of the domestication, the person ceases to be a general partner; or
- (15) the limited partnership dissolves and completes winding up.
- Section 212. Section **16-19-604**, which is renumbered from Section 48-2e-604 is renumbered and amended to read:
- [48-2e-604] 16-19-604 . Power to dissociate as general partner -- Wrongful dissociation.**
- (1) A person has the power to dissociate as a general partner at any time, rightfully or wrongfully, by withdrawing as a general partner by express will under Subsection [48-2e-603(1)] 16-19-603(1).
- (2) A person's dissociation as a general partner is wrongful only if the dissociation:
- (a) is in breach of an express provision of the partnership agreement; or
 - (b) occurs before the completion of the winding up of the limited partnership, and:
 - (i) the person withdraws as a general partner by express will;
 - (ii) the person is expelled as a general partner by judicial order under Subsection [48-2e-603(5)] 16-19-603(5);
 - (iii) the person is dissociated as a general partner under Subsection [48-2e-603(7)] 16-19-603(7); or
 - (iv) in the case of a person that is not a trust other than a business trust, an estate, or an individual, the person is expelled or otherwise dissociated as a general partner because it willfully dissolved or terminated.
- (3)(a) A person that wrongfully dissociates as a general partner is liable to the limited

partnership and, subject to Section ~~[48-2e-1001]~~ 16-19-1001, to the other partners for damages caused by the dissociation.

(b) ~~[-]~~The liability is in addition to any debt, obligation, or other liability of the general partner to the limited partnership or the other partners.

Section 213. Section **16-19-605**, which is renumbered from Section 48-2e-605 is renumbered and amended to read:

~~[48-2e-605]~~ 16-19-605 . Effect of dissociation as general partner.

(1) If a person is dissociated as a general partner:

(a) the person's right to participate as a general partner in the management and conduct of the limited partnership's activities and affairs terminates;

(b) the person's duties and obligations as a general partner under Section ~~[48-2e-409]~~ 16-19-409 end with regard to matters arising and events occurring after the person's dissociation;

(c) the person may sign and deliver to the division for filing a statement of dissociation pertaining to the person and, at the request of the limited partnership, shall sign an amendment to the certificate of limited partnership which states that the person has dissociated as a general partner; and

(d) subject to Section ~~[48-2e-704]~~ 16-19-704 and ~~[Part 11, Merger, Interest Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, any transferable interest owned by the person immediately before dissociation in the person's capacity as a general partner is owned by the person solely as a transferee.

(2) A person's dissociation as a general partner does not of itself discharge the person from any debt, obligation, or other liability to the limited partnership or the other partners which the person incurred while a general partner.

Section 214. Section **16-19-606**, which is renumbered from Section 48-2e-606 is renumbered and amended to read:

~~[48-2e-606]~~ 16-19-606 . Power to bind and liability of person dissociated as general partner.

(1) After a person is dissociated as a general partner and before the limited partnership is merged out of existence, converted, or domesticated under ~~[Part 11, Merger, Interest Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication,

or dissolved, the limited partnership is bound by an act of the person only if:

- (a) the act would have bound the limited partnership under Section [48-2e-402] 16-19-402 before the dissociation; and
- (b) at the time the other party enters into the transaction:
 - (i) less than two years has passed since the dissociation; and
 - (ii) the other party does not know or have notice of the dissociation and reasonably believes that the person is a general partner.

(2) If a limited partnership is bound under Subsection (1), the person dissociated as a general partner which caused the limited partnership to be bound is liable:

- (a) to the limited partnership for any damage caused to the limited partnership arising from the obligation incurred under Subsection (1); and
- (b) if a general partner or another person dissociated as a general partner is liable for the obligation, to the general partner or other person for any damage caused to the general partner or other person arising from the liability.

Section 215. Section **16-19-607**, which is renumbered from Section 48-2e-607 is renumbered and amended to read:

[48-2e-607] 16-19-607 . Liability to other persons of person dissociated as general partner.

- (1)(a) A person's dissociation as a general partner does not of itself discharge the person's liability as a general partner for a debt, obligation, or other liability of the limited partnership incurred before dissociation.
- (b) [-]Except as otherwise provided in Subsections (2) and (3), the person is not liable for a limited partnership obligation incurred after dissociation.
- (2) A person whose dissociation as a general partner resulted in a dissolution and winding up of the limited partnership's activities and affairs is liable to the same extent as a general partner under Section [48-2e-404] 16-19-404 on an obligation incurred by the limited partnership under Section [48-2e-804] 16-19-804.
- (3) A person that has dissociated as a general partner but whose dissociation did not result in a dissolution and winding up of the limited partnership's activities and affairs is liable on a transaction entered into by the limited partnership after the dissociation only if:
 - (a) a general partner would be liable on the transaction; and
 - (b) at the time the other party enters into the transaction:
 - (i) less than two years has passed since the dissociation; and
 - (ii) the other party does not have knowledge or notice of the dissociation and

reasonably believes that the person is a general partner.

(4) By agreement with a creditor of a limited partnership and the limited partnership, a person dissociated as a general partner may be released from liability for an obligation of the limited partnership.

(5) A person dissociated as a general partner is released from liability for an obligation of the limited partnership if the limited partnership's creditor, with knowledge or notice of the person's dissociation as a general partner but without the person's consent, agrees to a material alteration in the nature or time of payment of the obligation.

Section 216. Section **16-19-701**, which is renumbered from Section 48-2e-701 is renumbered and amended to read:

Part 7. Transferable Interest and Rights

[48-2e-701] 16-19-701 . Nature of transferable interest.

(1) The only interest of a partner which is transferable is the partner's transferable interest.

(2) [—]A transferable interest is personal property.

Section 217. Section **16-19-702**, which is renumbered from Section 48-2e-702 is renumbered and amended to read:

[48-2e-702] 16-19-702 . 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 the person's dissociation or a dissolution and winding up of the limited partnership's activities and affairs; and

(c) subject to Section [48-2e-704] 16-19-704, does not entitle the transferee to:

(i) participate in the management or conduct of the limited partnership's activities or affairs; or

(ii) except as otherwise provided in Subsection (3), have access to required information, records, or other information concerning the limited partnership's activities and affairs.

(2) A transferee has the right to receive, in accordance with the transfer, distributions to which the transferor would otherwise be entitled.

(3) In a dissolution and winding up of a limited partnership, a transferee is entitled to an account of the limited partnership's transactions only from the date of dissolution.

(4) A transferable interest may be evidenced by a certificate of the interest issued by a limited partnership in a record, and, subject to this section, the interest represented by

6758 the certificate may be transferred by a transfer of the certificate.

6759 (5) A limited partnership need not give effect to a transferee's rights under this section until
6760 the limited partnership knows or has notice of the transfer.

6761 (6) A transfer of a transferable interest in violation of a restriction on transfer contained in
6762 the partnership agreement is ineffective as to a person having knowledge or notice of the
6763 restriction at the time of transfer.

6764 (7) Except as otherwise provided in Subsections [~~48-2e-601(2)(d)(ii)~~] 16-19-601(2)(d)(ii)
6765 and [~~48-2e-603(4)(b)~~] 16-19-603(4)(b), if a general or limited partner transfers a
6766 transferable interest, the transferor retains the rights of a general or limited partner other
6767 than the transferable interest transferred and retains all the duties and obligations of a
6768 general or limited partner.

6769 (8) If a general or limited partner transfers a transferable interest to a person that becomes a
6770 general or limited partner with respect to the transferred interest, the transferee is liable
6771 for the transferor's obligations under Sections [~~48-2e-502~~] 16-19-502 and [~~48-2e-505~~]
6772 16-19-505 known to the transferee when the transferee becomes a partner.

6773 Section 218. Section **16-19-703**, which is renumbered from Section 48-2e-703 is renumbered
6774 and amended to read:

6775 **[~~48-2e-703~~] 16-19-703 . Charging order.**

6776 (1)(a) On application by a judgment creditor of a partner or transferee, a court may enter
6777 a charging order against the transferable interest of the judgment debtor for the
6778 unsatisfied amount of the judgment.

6779 (b) [-]A charging order constitutes a lien on a judgment debtor's transferable interest
6780 and, after the limited partnership has been served with the charging order, requires
6781 the limited partnership to pay over to the person to which the charging order was
6782 issued any distribution that otherwise would be paid to the judgment debtor.

6783 (2) To the extent necessary to effectuate the collection of distributions pursuant to a
6784 charging order in effect under Subsection (1), the court may:

6785 (a) appoint a receiver of the distributions subject to the charging order, with the power to
6786 make all inquiries the judgment debtor might have made; and

6787 (b) make all other orders necessary to give effect to the charging order.

6788 (3)(a) Upon a showing that distributions under a charging order will not pay the
6789 judgment debt within a reasonable time, the court may foreclose the lien and order
6790 the sale of the transferable interest.

6791 (b) [-]The purchaser at the foreclosure sale obtains only the transferable interest, does

6792 not thereby become a partner, and is subject to Section ~~[48-2e-702]~~ 16-19-702.

6793 (4) At any time before foreclosure under Subsection (3), the partner or transferee whose
6794 transferable interest is subject to a charging order under Subsection (1) may extinguish
6795 the charging order by satisfying the judgment and filing a certified copy of the
6796 satisfaction with the court that issued the charging order.

6797 (5) At any time before foreclosure under Subsection (3), a limited partnership or one or
6798 more partners whose transferable interests are not subject to the charging order may pay
6799 to the judgment creditor the full amount due under the judgment and thereby succeed to
6800 the rights of the judgment creditor, including the charging order.

6801 (6) This chapter does not deprive any partner or transferee of the benefit of any exemption
6802 law applicable to the transferable interest of the partner or transferee.

6803 (7) This section provides the exclusive remedy by which a person seeking to enforce a
6804 judgment against a partner or transferee may, in the capacity of judgment creditor,
6805 satisfy the judgment from the judgment debtor's transferable interest.

6806 Section 219. Section **16-19-704**, which is renumbered from Section 48-2e-704 is renumbered
6807 and amended to read:

6808 **~~[48-2e-704]~~ 16-19-704 . Power of legal representative of deceased partner.**

6809 If a partner dies, the deceased partner's legal representative may exercise:

- 6810 (1) the rights of a transferee provided in Subsection ~~[48-2e-702(3)]~~ 16-19-702(3); and
6811 (2) for the purposes of settling the estate, the rights of a current limited partner under
6812 Section ~~[48-2e-304]~~ 16-19-304.

6813 Section 220. Section **16-19-801**, which is renumbered from Section 48-2e-801 is renumbered
6814 and amended to read:

6815 **Part 8. Dissolution and Winding Up**

6816 **~~[48-2e-801]~~ 16-19-801 . Events causing dissolution.**

6817 (1) A limited partnership is dissolved, and the limited partnership's activities and affairs
6818 must be wound up, upon the occurrence of any of the following:

- 6819 (a) an event or circumstance that the partnership agreement states causes dissolution;
6820 (b) the affirmative vote or consent of all general partners and of limited partners owning
6821 a majority of the rights to receive distributions as limited partners at the time the vote
6822 or consent is to be effective;
6823 (c) after the dissociation of a person as a general partner:
6824 (i) if the limited partnership has at least one remaining general partner, the vote or
6825 consent to dissolve the limited partnership not later than 90 days after the

- 6826 dissociation by partners owning a majority of the rights to receive distributions as
6827 partners at the time the vote or consent is to be effective; or
- 6828 (ii) if the limited partnership does not have a remaining general partner, the passage
6829 of 90 days after the dissociation, unless before the end of the period:
- 6830 (A) consent to continue the activities and affairs of the limited partnership and
6831 admit at least one general partner is given by limited partners owning a
6832 majority of the rights to receive distributions as limited partners at the time the
6833 consent is to be effective; and
- 6834 (B) at least one person is admitted as a general partner in accordance with the
6835 consent;
- 6836 (d) the passage of 90 consecutive days after the dissociation of the limited partnership's
6837 last limited partner, unless before the end of the period the limited partnership admits
6838 at least one limited partner;
- 6839 (e) the passage of 90 consecutive days during which the limited partnership has only one
6840 partner, unless before the end of the period:
- 6841 (i) the limited partnership admits at least one person as a partner;
- 6842 (ii) if the previously sole remaining partner is only a general partner, the limited
6843 partnership admits the person as a limited partner; and
- 6844 (iii) if the previously sole remaining partner is only a limited partner, the limited
6845 partnership admits a person as a general partner;
- 6846 (f) upon a petition brought by a partner, the entry of a court order dissolving the limited
6847 partnership on the grounds that:
- 6848 (i) the conduct of all or substantially all the limited partnership's activities and affairs
6849 is unlawful; or
- 6850 (ii) it is not reasonably practicable to carry on the limited partnership's activities and
6851 affairs in conformity with the partnership agreement; or
- 6852 (g) the signing and filing of a statement of administrative dissolution by the division
6853 under Section ~~[48-2e-810]~~ 16-19-810.
- 6854 (2) If an event occurs that imposes a deadline on a limited partnership under Subsection (1)
6855 and before the limited partnership has met the requirements of the deadline, another
6856 event occurs that imposes a different deadline on the limited partnership under
6857 Subsection (1):
- 6858 (a) the occurrence of the second event does not affect the deadline caused by the first
6859 event; and

6860 (b) the limited partnership's meeting of the requirements of the first deadline does not
6861 extend the second deadline.

6862 Section 221. Section **16-19-802**, which is renumbered from Section 48-2e-802 is renumbered
6863 and amended to read:

6864 **[48-2e-802] 16-19-802 . Winding up.**

6865 (1)(a) A dissolved limited partnership shall wind up the limited partnership's activities
6866 and affairs.

6867 (b) Except as otherwise provided in Section [48-2e-803] 16-19-803, the limited
6868 partnership only continues after dissolution for the purpose of winding up.

6869 (2) In winding up the limited partnership's activities and affairs, the limited partnership:

6870 (a) shall discharge the limited partnership's debts, obligations, and other liabilities, settle
6871 and close the limited partnership's activities and affairs, and marshal and distribute
6872 the assets of the limited partnership; and

6873 (b) may:

6874 (i) amend [its] the limited partnership's certificate of limited partnership to state that
6875 the limited partnership is dissolved;

6876 (ii) preserve the limited partnership activities, affairs, and property as a going
6877 concern for a reasonable time;

6878 (iii) prosecute and defend actions and proceedings, whether civil, criminal, or
6879 administrative;

6880 (iv) transfer the limited partnership's property;

6881 (v) settle disputes by mediation or arbitration;

6882 (vi) deliver to the division for filing a statement of termination stating the name of the
6883 limited partnership and that the limited partnership is terminated; and

6884 (vii) perform other acts necessary or appropriate to the winding up.

6885 (3)(a) If a dissolved limited partnership does not have a general partner, a person to wind
6886 up the dissolved limited partnership's activities and affairs may be appointed by the
6887 affirmative vote or consent of limited partners owning a majority of the rights to
6888 receive distributions as limited partners at the time the vote or consent is to be
6889 effective.

6890 (b) A person appointed under this Subsection (3):

6891 (i) has the powers of a general partner under Section [48-2e-804] 16-19-804 but is not
6892 liable for the debts, obligations, and other liabilities of the limited partnership
6893 solely by reason of having or exercising those powers or otherwise acting to wind

up the dissolved limited partnership's activities and affairs; and

(ii) shall deliver promptly to the division for filing an amendment to the certificate of limited partnership stating:

(A) that the limited partnership does not have a general partner;

(B) the name and street and mailing addresses of the person; and

(C) that the person has been appointed pursuant to this subsection to wind up the limited partnership.

(4) Upon a petition brought by a partner, a court may order judicial supervision of the winding up of a dissolved limited partnership, including the appointment of a person to wind up the limited partnership's activities and affairs, if:

(a) the limited partnership does not have a general partner and within a reasonable time following the dissolution no person has been appointed [~~pursuant to~~] in accordance with Subsection (3); or

(b) the applicant establishes other good cause.

Section 222. Section **16-19-803**, which is renumbered from Section 48-2e-803 is renumbered and amended to read:

[48-2e-803] 16-19-803 . Rescinding dissolution.

(1) A limited partnership may rescind the limited partnership's dissolution, unless a statement of termination applicable to the limited partnership is effective, a court has entered an order under Subsection [~~48-2e-801(1)(f)~~] 16-19-801(1)(f) dissolving the limited partnership, or the division has dissolved the limited partnership under Section [~~48-2e-810~~] 16-19-810.

(2) Rescinding dissolution under this section requires:

(a) the affirmative vote or consent of each partner; and

(b) if the limited partnership has delivered to the division for filing an amendment to the certificate of limited partnership stating that the partnership is dissolved and if:

(i) the amendment is not effective, the filing by the limited partnership of a statement of withdrawal under Section [~~48-2e-207~~] 16-1a-205 applicable to the amendment; or

(ii) the amendment is effective, the delivery by the limited partnership to the division for filing of an amendment to the certificate of limited partnership stating that the dissolution has been rescinded under this section.

(3) If a limited partnership rescinds the limited partnership's dissolution:

(a) the limited partnership resumes carrying on the limited partnership's activities and

affairs as if dissolution had never occurred;

- (b) subject to Subsection (3)(c), any liability incurred by the limited partnership after the dissolution and before the rescission is effective is determined as if dissolution had never occurred; and
- (c) the rights of a third party arising out of conduct in reliance on the dissolution before the third party knew or had notice of the rescission may not be adversely affected.

Section 223. Section **16-19-804**, which is renumbered from Section 48-2e-804 is renumbered and amended to read:

[48-2e-804] 16-19-804 . Power to bind partnership after dissolution.

- (1) A limited partnership is bound by a general partner's act after dissolution which:
 - (a) is appropriate for winding up the limited partnership's activities and affairs; or
 - (b) would have bound the limited partnership under Section [48-2e-402] 16-19-402 before dissolution, if, at the time the other party enters into the transaction, the other party does not know or have notice of the dissolution.
- (2) A person dissociated as a general partner binds a limited partnership through an act occurring after dissolution if:
 - (a) at the time the other party enters into the transaction:
 - (i) less than two years has passed since the dissociation; and
 - (ii) the other party does not have notice of the dissociation and reasonably believes that the person is a general partner; and
 - (b) the act:
 - (i) is appropriate for winding up the limited partnership's activities and affairs; or
 - (ii) would have bound the limited partnership under Section [48-2e-402] 16-19-402 before dissolution and at the time the other party enters into the transaction the other party does not have notice of the dissolution.

Section 224. Section **16-19-805**, which is renumbered from Section 48-2e-805 is renumbered and amended to read:

[48-2e-805] 16-19-805 . Liability after dissolution of general partner and person dissociated as general partner to limited partnership, other general partners, and persons dissociated as general partner.

- (1) If a general partner having knowledge of the dissolution causes a limited partnership to incur an obligation under Subsection [48-2e-804(1)] 16-19-804(1) by an act that is not appropriate for winding up the limited partnership's activities and affairs, the general partner is liable:

- (a) to the limited partnership for any damage caused to the limited partnership arising from the obligation; and
- (b) if another general partner or a person dissociated as a general partner is liable for the obligation, to that other general partner or person for any damage caused to that other general partner or person arising from the liability.

(2) If a person dissociated as a general partner causes a limited partnership to incur an obligation under Subsection ~~[48-2e-804(2)]~~ 16-19-804(2), the person is liable:

- (a) to the limited partnership for any damage caused to the limited partnership arising from the obligation; and
- (b) if a general partner or another person dissociated as a general partner is liable for the obligation, to the general partner or other person for any damage caused to the general partner or other person arising from the obligation.

Section 225. Section **16-19-806**, which is renumbered from Section 48-2e-806 is renumbered and amended to read:

[48-2e-806] 16-19-806 . Known claims against dissolved limited partnership.

(1) Except as otherwise provided in Subsection (4), a dissolved limited partnership may give notice of a known claim under Subsection (2), which has the effect provided in Subsection (3).

(2)(a) A dissolved limited partnership may in a record notify ~~[its]~~ the dissolved limited partnership's known claimants of the dissolution.

(b) ~~[-]~~The notice must:

- ~~[(a)]~~ (i) specify the information required to be included in a claim;
- ~~[(b)]~~ (ii) state that a claim must be in writing and provide a mailing address to which the claim is to be sent;
- ~~[(c)]~~ (iii) state the deadline for receipt of a claim, which may not be less than 120 days after the date the notice is received by the claimant;
- ~~[(d)]~~ (iv) state that the claim will be barred if not received by the deadline; and
- ~~[(e)]~~ (v) unless the limited partnership has been throughout ~~[its]~~ the limited partnership's existence a limited liability limited partnership, state that the barring of a claim against the limited partnership will also bar any corresponding claim against any general partner or person dissociated as a general partner which is based on Section ~~[48-2e-404]~~ 16-19-404.

(3) A claim against a dissolved limited partnership is barred if the requirements of Subsection (2) are met, and:

- (a) the claim is not received by the specified deadline; or
- (b) if the claim is timely received but rejected by the limited partnership:
 - (i) the limited partnership causes the claimant to receive a notice in a record stating that the claim is rejected and will be barred unless the claimant commences an action against the limited partnership to enforce the claim not later than 90 days after the claimant receives the notice; and
 - (ii) the claimant does not commence the required action not later than 90 days after the claimant receives the notice.

(4) This section does not apply to a claim based on an event occurring after the effective date of dissolution or a liability that on that date is contingent.

Section 226. Section **16-19-807**, which is renumbered from Section 48-2e-807 is renumbered and amended to read:

[48-2e-807] 16-19-807 . Other claims against dissolved limited partnership.

- (1) A dissolved limited partnership may publish notice of ~~[its]~~ the dissolved limited partnership's dissolution and request persons having claims against the dissolved limited partnership to present ~~[them]~~ the claims in accordance with the notice.
- (2) A notice under Subsection (1) must:
 - (a) be published at least once in a newspaper of general circulation in the county in this state in which the dissolved limited partnership's principal office is located or, if the principal office is not located in this state, in the county in which the office of the dissolved limited partnership's registered agent is or was last located and in accordance with Section 45-1-101;
 - (b) describe the information required to be contained in a claim, state that the claim must be in writing, and provide a mailing address to which the claim is to be sent;
 - (c) state that a claim against the dissolved limited partnership is barred unless an action to enforce the claim is commenced not later than three years after publication of the notice; and
 - (d) unless the dissolved limited partnership has been throughout ~~[its]~~ the dissolved limited partnership's existence a limited liability limited partnership, state that the barring of a claim against the dissolved limited partnership will also bar any corresponding claim against any general partner or person dissociated as a general partner which is based on Section ~~[48-2e-404]~~ 16-19-404.
- (3) If a dissolved limited partnership publishes a notice in accordance with Subsection (2), the claim of each of the following claimants is barred unless the claimant commences an

7030 action to enforce the claim against the dissolved limited partnership not later than three
7031 years after the publication date of the notice:

7032 (a) a claimant that did not receive notice in a record under Section ~~[48-2e-806]~~ 16-19-806;

7033 (b) a claimant whose claim was timely sent to the dissolved limited partnership but not
7034 acted on; and

7035 (c) a claimant whose claim is contingent at, or based on an event occurring after, the
7036 effective date of dissolution.

7037 (4) A claim not barred under this section or Section ~~[48-2e-806]~~ 16-19-806 may be enforced:

7038 (a) against the dissolved limited partnership, to the extent of [its] the dissolved limited
7039 partnership's undistributed assets;

7040 (b) except as otherwise provided in Section ~~[48-2e-808]~~ 16-19-808, if the assets of the
7041 dissolved limited partnership have been distributed after dissolution, against a partner
7042 or transferee to the extent of that person's proportionate share of the claim or of the
7043 dissolved limited partnership's assets distributed to the partner or transferee after
7044 dissolution, whichever is less, but a person's total liability for all claims under this
7045 subsection may not exceed the total amount of assets distributed to the person after
7046 dissolution; and

7047 (c) against any person liable on the claim under Sections ~~[48-2e-404]~~ 16-19-404 and [
7048 ~~48-2e-607]~~ 16-19-607.

7049 Section 227. Section **16-19-808**, which is renumbered from Section 48-2e-808 is renumbered
7050 and amended to read:

7051 **[48-2e-808] 16-19-808 . Court proceedings.**

7052 (1)(a) A dissolved limited partnership that has published a notice under Section [
7053 ~~48-2e-807]~~ 16-19-807 may petition a court with jurisdiction under Title 78A,
7054 Judiciary and Judicial Administration, for a determination of the amount and form of
7055 security to be provided for payment of claims that are contingent, have not been
7056 made known to the dissolved limited partnership, or are based on an event occurring
7057 after the effective date of dissolution but which, based on the facts known to the
7058 dissolved limited partnership, are reasonably expected to arise after the effective date
7059 of dissolution.

7060 (b) Security is not required for any claim that is or is reasonably anticipated to be barred
7061 under Subsection ~~[48-2e-807(3)]~~ 16-19-807(3).

7062 (2) No later than 10 days after the filing of an application under Subsection (1), the
7063 dissolved limited partnership shall give notice of the proceeding to each claimant

holding a contingent claim known to the dissolved limited partnership.

(3)(a) In a proceeding brought under this section, the court may appoint a guardian ad litem to represent all claimants whose identities are unknown.

(b) The reasonable fees and expenses of the guardian, including all reasonable expert witness fees, must be paid by the dissolved limited partnership.

(4) A dissolved limited partnership that provides security in the amount and form ordered by the court under Subsection (1) satisfies the dissolved limited partnership's obligations with respect to claims that are contingent, have not been made known to the dissolved limited partnership, or are based on an event occurring after the effective date of dissolution, and such claims may not be enforced against a partner or transferee that received assets in liquidation.

Section 228. Section **16-19-809**, which is renumbered from Section 48-2e-809 is renumbered and amended to read:

[48-2e-809] 16-19-809 . Liability of general partner and person dissociated as general partner when claim against limited partnership barred.

If a claim against a dissolved limited partnership is barred under Section [48-2e-806] 16-19-806, [48-2e-807] 16-19-807, or [48-2e-808] 16-19-808, any corresponding claim under Section [48-2e-404] 16-19-404 or [48-2e-607] 16-19-607 is also barred.

Section 229. Section **16-19-810**, which is renumbered from Section 48-2e-810 is renumbered and amended to read:

[48-2e-810] 16-19-810 . Administrative dissolution.

(1) The division may commence a proceeding under Subsections (2) and (3) to dissolve a limited partnership administratively if the limited partnership does not:

(a) pay any fee, tax, or penalty required to be paid to the division not later than 60 days after [it] the fee, tax, or penalty is due;

(b) deliver an annual report to the division not later than 60 days after [it] the annual report is due; or

(c) have a registered agent in this state for 60 consecutive days.

(2) If the division determines that one or more grounds exist for administratively dissolving a limited partnership, the division shall serve the limited partnership with notice in a record of the division's determination.

(3)(a) If a limited partnership, not later than 60 days after service of the notice under Subsection (2), does not cure or demonstrate to the satisfaction of the division the nonexistence of each ground determined by the division, the division shall

administratively dissolve the limited partnership by signing a statement of administrative dissolution that recites the grounds for dissolution and the effective date of dissolution.

(b) ~~[-]~~The division shall file the statement and serve a copy on the limited partnership [pursuant to Section 48-2e-209] in accordance with Sections 16-1a-207 and 16-1a-211.

(4) A limited partnership that is administratively dissolved continues in existence as an entity but may not carry on any activities except as necessary to wind up ~~[its] the limited partnership's~~ activities and affairs and liquidate ~~[its] the limited partnership's~~ assets under Sections ~~[48-2e-802] 16-19-802, [48-2e-806] 16-19-806, [48-2e-807] 16-19-807, [48-2e-808] 16-19-808, and [48-2e-813] 16-19-811~~ or to apply for reinstatement under Section ~~[48-2e-811] 16-1a-604~~.

(5) The administrative dissolution of a limited partnership does not terminate the authority of ~~[its] the limited partnership's~~ registered agent.

Section 230. Section **16-19-811**, which is renumbered from Section 48-2e-813 is renumbered and amended to read:

~~[48-2e-813] 16-19-811 . Disposition of assets in winding up -- When contributions required.~~

(1) In winding up ~~[its] a limited partnership's~~ activities and affairs, a limited partnership shall apply ~~[its] the limited partnership's~~ assets, including the contributions required by this section, to discharge the limited partnership's obligations to creditors, including partners that are creditors.

(2) After a limited partnership complies with Subsection (1), any surplus must be distributed in the following order, subject to any charging order in effect under Section ~~[48-2e-703] 16-19-703~~:

(a) to each person owning a transferable interest that reflects contributions made and not previously returned, an amount equal to the value of the unreturned contributions; and

(b) among partners in proportion to ~~[their] the partners'~~ respective rights to share in distributions immediately before the dissolution of the limited partnership, except to the extent necessary to comply with any transfer effective under Section ~~[48-2e-702] 16-19-702~~.

(3) If a limited partnership's assets are insufficient to satisfy all of ~~[its] the limited partnership's~~ obligations under Subsection (1), with respect to each unsatisfied obligation incurred when the limited partnership was not a limited liability limited partnership, the following rules apply:

(a)(i) Each person that was a general partner when the obligation was incurred and that has not been released from the obligation under Section ~~[48-2e-607]~~ 16-19-607 shall contribute to the limited partnership for the purpose of enabling the limited partnership to satisfy the obligation.

(ii) ~~[-]~~The contribution due from each of those persons is in proportion to the right to receive distributions in the capacity of general partner in effect for each of those persons when the obligation was incurred.

(b)(i) If a person does not contribute the full amount required under Subsection (3)(a) with respect to an unsatisfied obligation of the limited partnership, the other persons required to contribute by Subsection (3)(a) on account of the obligation shall contribute the additional amount necessary to discharge the obligation.

(ii) ~~[-]~~The additional contribution due from each of those other persons is in proportion to the right to receive distributions in the capacity of general partner in effect for each of those other persons when the obligation was incurred.

(c) If a person does not make the additional contribution required by Subsection (3)(b), further additional contributions are determined and due in the same manner as provided in ~~[that subsection]~~ Subsection (3)(b).

(d)(i) A person that makes an additional contribution under Subsection (3)(b) or (3)(c) may recover from any person whose failure to contribute under Subsection (3)(a) or (3)(b) necessitated the additional contribution.

(ii) ~~[-]~~A person may not recover under this subsection more than the amount additionally contributed.

(iii) ~~[-]~~A person's liability under this subsection may not exceed the amount the person failed to contribute.

(4) If a limited partnership does not have sufficient surplus to comply with Subsection (2)(a), any surplus must be distributed among the owners of transferable interests in proportion to the value of the respective unreturned contributions.

(5) All distributions made under Subsections (2) and (4) must be paid in money.

Section 231. Section **16-19-901**, which is renumbered from Section 48-2e-911 is renumbered and amended to read:

Part 9. Foreign Limited Partnerships

~~[48-2e-911]~~ **16-19-901 . Withdrawal of registration of registered foreign limited partnership.**

(1)(a) A registered foreign limited partnership may withdraw ~~[its]~~ the registered foreign

limited partnership's registration by delivering a statement of withdrawal to the division for filing.

(b) [-]The statement of withdrawal must state:

[(a)] (i) the name of the foreign limited partnership and [its] the foreign limited partnership's jurisdiction of formation;

[(b)] (ii) that the foreign limited partnership is not doing business in this state and that [it] the foreign limited partnership withdraws [its] the foreign limited partnership registration to do business in this state;

[(c)] (iii) that the foreign limited partnership revokes the authority of [its] the foreign limited partnership's registered agent to accept service on [its] the foreign limited partnership's behalf in this state; and

[(d)] (iv) an address to which service of process may be made under Subsection (2).

(2) After the withdrawal of the registration of a partnership, service of process in any action or proceeding based on a cause of action arising during the time the foreign limited partnership was registered to do business in this state may be made [~~pursuant to Subsection 16-17-301(2)~~] in accordance with Section 16-1a-412.

Section 232. Section **16-19-902**, which is renumbered from Section 48-2e-912 is renumbered and amended to read:

[48-2e-912] 16-19-902 . Action by attorney general.

The attorney general may maintain an action to enjoin a foreign limited partnership from doing business in this state in violation of this part.

Section 233. Section **16-19-1001**, which is renumbered from Section 48-2e-1001 is renumbered and amended to read:

Part 10. Actions by Partners

[48-2e-1001] 16-19-1001 . Direct action by partner.

(1) Subject to Subsection (2), a partner may maintain a direct action against another partner or the limited partnership, with or without an accounting as to the limited partnership's activities and affairs, to enforce the partner's rights and otherwise protect the partner's interests, including rights and interests under the partnership agreement or this chapter or arising independently of the partnership relationship.

(2) A partner maintaining a direct action under this section must plead and prove an actual or threatened injury that is not solely the result of an injury suffered or threatened to be suffered by the limited partnership.

(3) A right to an accounting upon a dissolution and winding up does not revive a claim

7200 barred by law.

7201 Section 234. Section **16-19-1002**, which is renumbered from Section 48-2e-1002 is renumbered
7202 and amended to read:

7203 **[48-2e-1002] 16-19-1002 . Derivative action.**

7204 A partner may maintain a derivative action to enforce a right of a limited partnership if:

7205 (1) the partner first makes a demand on the general partners, requesting that they cause the
7206 limited partnership to bring an action to enforce the right, and the general partners do not
7207 bring the action within a reasonable time; or

7208 (2) a demand under Subsection (1) would be futile.

7209 Section 235. Section **16-19-1003**, which is renumbered from Section 48-2e-1003 is renumbered
7210 and amended to read:

7211 **[48-2e-1003] 16-19-1003 . Proper plaintiff.**

7212 A derivative action to enforce a right of a limited partnership may be maintained only by
7213 a person that is a partner at the time the action is commenced and:

7214 (1) which was a partner when the conduct giving rise to the action occurred; or

7215 (2) whose status as a partner devolved on the person by operation of law or [pursuant to] in
7216 accordance with the terms of the partnership agreement from a person that was a partner
7217 at the time of the conduct.

7218 Section 236. Section **16-19-1004**, which is renumbered from Section 48-2e-1004 is renumbered
7219 and amended to read:

7220 **[48-2e-1004] 16-19-1004 . Pleading.**

7221 In a derivative action to enforce a right of a limited partnership, the complaint must state
7222 with particularity:

7223 (1) the date and content of the plaintiff's demand and the response to the demand by the
7224 general partner; or

7225 (2) why the demand should be excused as futile.

7226 Section 237. Section **16-19-1005**, which is renumbered from Section 48-2e-1005 is renumbered
7227 and amended to read:

7228 **[48-2e-1005] 16-19-1005 . Special litigation committee.**

7229 (1)(a) If a limited partnership is named as or made a party in a derivative proceeding, the
7230 limited partnership may appoint a special litigation committee to investigate the
7231 claims asserted in the proceeding and determine whether pursuing the action is in the
7232 best interests of the limited partnership.

7233 (b) [-]If the limited partnership appoints a special litigation committee, on motion by the

committee made in the name of the limited partnership, except for good cause shown, the court shall stay discovery for the time reasonably necessary to permit the committee to make its investigation.

(c) [–]This subsection does not prevent the court from:

[(a)] (i) enforcing a person's right to information under Section [48-2e-304] 16-19-304 or [48-2e-407] 16-19-407; or

[(b)] (ii) granting extraordinary relief in the form of a temporary restraining order or preliminary injunction.

(2) A special litigation committee must be composed of one or more disinterested and independent individuals, who may be partners.

(3) A special litigation committee may be appointed:

(a) by a majority of the general partners not named as parties in the proceeding; and

(b) if all general partners are named as parties in the proceeding, by a majority of the general partners named as defendants.

(4) After appropriate investigation, a special litigation committee may determine that it is in the best interests of the limited partnership that the proceeding:

(a) continue under the control of the plaintiff;

(b) continue under the control of the committee;

(c) be settled on terms approved by the committee; or

(d) be dismissed.

(5)(a) After making a determination under Subsection (4), a special litigation committee shall file with the court a statement of its determination and its report supporting its determination and shall serve each party with a copy of the determination and report.

(b) [–]The court shall determine whether the members of the committee were disinterested and independent and whether the committee conducted its investigation and made its recommendation in good faith, independently, and with reasonable care, with the committee having the burden of proof.

(c) [–]If the court finds that the members of the committee were disinterested and independent and that the committee acted in good faith, independently, and with reasonable care, the court shall enforce the determination of the committee.

(d) [–]Otherwise, the court shall dissolve the stay of discovery entered under Subsection (1) and allow the action to continue under the control of the plaintiff.

Section 238. Section **16-19-1006**, which is renumbered from Section 48-2e-1006 is renumbered and amended to read:

[48-2e-1006] 16-19-1006 . Proceeds and expenses.

- (1) Except as otherwise provided in Subsection (2):
- (a) any proceeds or other benefits of a derivative action, whether by judgment, compromise, or settlement, belong to the limited partnership and not to the plaintiff; and
- (b) if the plaintiff receives any proceeds, the plaintiff shall remit them immediately to the limited partnership.
- (2) If a derivative action is successful in whole or in part, the court may award the plaintiff reasonable expenses, including reasonable attorney's fees and costs, from the recovery of the limited partnership.
- (3) A derivative action on behalf of a limited partnership may not be voluntarily dismissed or settled without the court's approval.

Section 239. Section **16-19-1101**, which is renumbered from Section 48-2e-1201 is renumbered and amended to read:

[48-2e-1201] 16-19-1101 . Uniformity of application and construction.

In applying and construing this chapter, consideration must be given to the need to promote uniformity of the law with respect to [its] this chapter's subject matter among states that enact the uniform act upon which this chapter is based.

Section 240. Section **16-19-1102**, which is renumbered from Section 48-2e-1202 is renumbered and amended to read:

[48-2e-1202] 16-19-1102 . Severability clause.

If any provision of this chapter or [its] this chapter's application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable.

Section 241. Section **16-19-1103**, which is renumbered from Section 48-2e-1203 is renumbered and amended to read:

[48-2e-1203] 16-19-1103 . Relation to Electronic Signatures in Global and National Commerce Act.

This chapter modifies, limits, and supersedes the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Sec. 7001 et seq., but this chapter does not modify, limit, or supersede Sec. 101(c) of that act, 15 U.S.C. Sec. 7001(c), or authorize electronic delivery of any of the notices described in Sec. 103(b) of that act, 15 U.S.C. Sec. 7003(b).

Section 242. Section **16-19-1104**, which is renumbered from Section 48-2e-1204 is renumbered

and amended to read:

[48-2e-1204] 16-19-1104 . Savings clause.

This chapter does not affect an action commenced, proceeding brought, or right accrued before this chapter takes effect.

Section 243. Section **16-19-1105**, which is renumbered from Section 48-2e-1205 is renumbered and amended to read:

[48-2e-1205] 16-19-1105 . Application to existing relationships.

(1) Before January 1, 2016, this chapter governs only:

- (a) a limited partnership formed on or after January 1, 2014; and
- (b) except as otherwise provided in Subsections (3) and (4), a limited partnership formed before January 1, 2014, which elects, in the manner provided in [its] the limited partnership's partnership agreement or by law for amending the partnership agreement, to be subject to this chapter.

(2) Except as otherwise provided in Subsection (3), on and after January 1, 2016, this chapter governs all limited partnerships.

(3) With respect to a limited partnership formed before January 1, 2014, the following rules apply except as the partners otherwise elect in the manner provided in the partnership agreement or by law for amending the partnership agreement:

- (a) [Subsection 48-2e-104(3)] Section 16-19-103 does not apply and the limited partnership has whatever duration [it] the limited partnership had under the law applicable immediately before January 1, 2014~~[-]~~ ;
- (b) Sections [48-2e-601] 16-19-601 and [48-2e-602] 16-19-602 do not apply and a limited partner has the same right and power to dissociate from the limited partnership, with the same consequences, as existed immediately before January 1, 2014~~[-]~~ ;
- (c) Subsection [48-2e-603(4)] 16-19-603(4) does not apply and the partners have the same right and power to expel a general partner as existed immediately before January 1, 2014~~[-]~~ ;
- (d) Subsection [48-2e-603(5)] 16-19-603(5) does not apply and a court has the same power to expel a general partner as the court had immediately before January 1, 2014~~[-]~~ ; and
- (e) Subsection [48-2e-801(1)(e)] 16-19-801(1)(c) does not apply and the connection between a person's dissociation as a general partner and the dissolution of the limited partnership is the same as existed immediately before January 1, 2014.

(4) With respect to a limited partnership that elects [pursuant to] in accordance with

Subsection (1)(b) to be subject to this chapter, after the election takes effect the provisions of this chapter relating to the liability of the limited partnership's general partners to third parties apply:

(a) before January 1, 2016, to:

(i) a third party that had not done business with the limited partnership in the year before the election took effect; and

(ii) a third party that had done business with the limited partnership in the year before the election took effect only if the third party knows or has received a notification of the election; and

(b) on and after January 1, 2016, to all third parties, but those provisions remain inapplicable to any obligation incurred while those provisions were inapplicable under Subsection (4)(a)(ii).

Section 244. Section **16-20-101**, which is renumbered from Section 48-3a-102 is renumbered and amended to read:

CHAPTER 20. Utah Revised Uniform Limited Liability Company Act

Part 1. General Provisions

~~[48-3a-102]~~ 16-20-101 . Definitions.

As used in this chapter:

(1)~~(a)~~ "Certificate of organization" means the certificate required by Section ~~[48-3a-201]~~ 16-20-201.

~~(b)~~ ~~[-The term]~~ "Certificate of organization" includes the certificate as amended or restated.

(2) "Contribution," except in the phrase "right of contribution," means property or a benefit described in Section ~~[48-3a-402]~~ 16-20-402, which is provided by a person to a limited liability company to become a member or in the person's capacity as a member.

(3) "Debtor in bankruptcy" means a person that is the subject of:

(a) an order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or

(b) a comparable order under federal, state, or foreign law governing insolvency.

~~(4)(a)~~ "Distribution" means a transfer of money or other property from a limited liability company to a person on account of a transferable interest or in the person's capacity as a member.~~[-The term:]~~

~~[(a)]~~ (b) "Distribution" includes:

- 7369 (i) a redemption or other purchase by a limited liability company of a transferable
7370 interest; and
- 7371 (ii) a transfer to a member in return for the member's relinquishment of any right to
7372 participate as a member in the management or conduct of the company's activities
7373 and affairs or to have access to records or other information concerning the
7374 company's activities and affairs[; and] .
- 7375 ~~[(b)]~~ (c) "Distribution" does not include amounts constituting reasonable compensation
7376 for present or past service or payments made in the ordinary course of business under
7377 a bona fide retirement plan or other bona fide benefits program.
- 7378 (5) "Division" means the Division of Corporations and Commercial Code.
- 7379 (6) "Foreign limited liability company" means an unincorporated entity formed under the
7380 law of a jurisdiction other than this state, which would be a limited liability company,
7381 including a low-profit limited liability company, if formed under the law of this state.
- 7382 ~~(7)~~(a) "Governing person" means a person, alone or in concert with others, by or under
7383 whose authority the powers of the limited liability company are exercised and under
7384 whose direction the activities and affairs of the limited liability company are
7385 managed ~~[pursuant to]~~ in accordance with this chapter and the limited liability
7386 company's operating agreement.
- 7387 ~~(b)~~ ~~[-The term]~~ "Governing person" includes:
- 7388 ~~[(a)]~~ (i) a manager of a manager-managed limited liability company;
- 7389 ~~[(b)]~~ (ii) a member of a member-managed limited liability company; and
- 7390 ~~[(c)]~~ (iii) the chief executive officer of a limited liability company in which officers
7391 have been appointed, regardless of the actual designated title.
- 7392 (8) "Jurisdiction," used to refer to a political entity, means the United States, a state, a
7393 foreign country, or a political subdivision of a foreign country.
- 7394 (9) "Jurisdiction of formation" means, with respect to an entity, the jurisdiction:
- 7395 (a) under whose law the entity is formed; or
- 7396 (b) in the case of a limited liability partnership or foreign limited liability partnership, in
7397 which the partnership's statement of qualification is filed.
- 7398 (10) "Limited liability company," except in the phrase "foreign limited liability company,"
7399 means an entity formed under this chapter or which becomes subject to this chapter
7400 under~~[-Part 10, Merger, Interest Exchange, Conversion, and Domestication,]~~ :
- 7401 (a) Chapter 1a, Part 7, Merger;
- 7402 (b) Chapter 1a, Part 8, Interest Exchange;

(c) Chapter 1a, Part 9, Conversion;

(d) Chapter 1a, Part 10, Domestication; or

(e) [-]Section [48-3a-1405] 16-20-1305.

(11) "Low-profit limited liability company" means a limited liability company meeting the requirements of [Part 13, Low-Profit Limited Liability Companies] Part 12, Low-Profit Limited Liability Companies.

(12) "Manager" means a person that under the operating agreement of a manager-managed limited liability company is responsible, alone or in concert with others, for performing the management functions stated in Subsection [48-3a-407(3)] 16-20-407(3).

(13) "Manager-managed limited liability company" means a limited liability company that qualifies under Subsection [48-3a-407(1)] 16-20-407(1).

(14) "Member" means a person that:

(a) has become a member of a limited liability company under Section [48-3a-401] 16-20-401 or was a member in a company when the company became subject to this chapter under Section [48-3a-1405] 16-20-1305; and

(b) has not dissociated under Section [48-3a-602] 16-20-602.

(15) "Member-managed limited liability company" means a limited liability company that is not a manager-managed limited liability company.

(16)(a) "Operating agreement" means the agreement, whether or not referred to as an operating agreement and whether oral, implied, in a record, or in any combination thereof, of all the members of a limited liability company, including a sole member, concerning the matters described in Subsection [48-3a-112(1)] 16-20-107(1).

(b) [-The term] "Operating agreement" includes the agreement as amended or restated.

(17) "Organizer" means a person that acts under Section [48-3a-201] 16-20-201 to form a limited liability company.

(18) "Person" means an individual, business corporation, nonprofit corporation, partnership, limited partnership, limited liability company, limited cooperative association, unincorporated nonprofit association, statutory trust, business trust, common-law business trust, estate, trust, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(19) "Principal office" means the principal executive office of a limited liability company or foreign limited liability company, whether or not the office is located in this state.

(20) "Professional services company" means a limited liability company organized in

- 7437 accordance with [~~Part 11, Professional Services Companies~~] Part 10, Professional
7438 Services Companies.
- 7439 (21) "Property" means all property, whether real, personal, or mixed or tangible or
7440 intangible, or any right or interest therein.
- 7441 (22) "Record," used as a noun, means information that is inscribed on a tangible medium or
7442 that is stored in an electronic or other medium and is retrievable in perceivable form.
- 7443 (23) "Registered agent" means an agent of a limited liability company or foreign limited
7444 liability company which is authorized to receive service of any process, notice, or
7445 demand required or permitted by law to be served on the company.
- 7446 (24) "Registered foreign limited liability company" means a foreign limited liability
7447 company that is registered to do business in this state [~~pursuant to~~] in accordance with a
7448 statement of registration filed by the division.
- 7449 (25) "Series" means a series created in accordance with [~~Part 12, Series Limited Liability~~
7450 Companies] Part 11, Series Limited Liability Companies.
- 7451 (26) "Sign" means, with present intent to authenticate or adopt a record:
7452 (a) to execute or adopt a tangible symbol; or
7453 (b) to attach to or logically associate with the record an electronic symbol, sound, or
7454 process.
- 7455 (27) "State" means a state of the United States, the District of Columbia, Puerto Rico, the
7456 United States Virgin Islands, or any territory or insular possession subject to the
7457 jurisdiction of the United States.
- 7458 (28) "Transfer" includes:
7459 (a) an assignment;
7460 (b) a conveyance;
7461 (c) a sale;
7462 (d) a lease;
7463 (e) an encumbrance, including a mortgage or security interest;
7464 (f) a gift; and
7465 (g) a transfer by operation of law.
- 7466 (29)(a) "Transferable interest" means the right, as initially owned by a person in the
7467 person's capacity as a member, to receive distributions from a limited liability
7468 company in accordance with the operating agreement, whether or not the person
7469 remains a member or continues to own any part of the right.
- 7470 (b) [~~The term~~] "Transferable interest" applies to any fraction of the interest by

7471 whomever owned.

7472 (30)(a) "Transferee" means a person to which all or part of a transferable interest has
7473 been transferred, whether or not the transferor is a member.

7474 (b) [~~The term~~] "Transferee" includes a person that owns a transferable interest under
7475 Subsection [~~48-3a-603(1)(e)~~] 16-20-603(1)(c).

7476 (31) "Tribal limited liability company" means a limited liability company that is:

7477 (a) formed under the law of a tribe; and

7478 (b) at least 51% owned or controlled by the tribe under whose law the limited liability
7479 company is formed.

7480 (32) "Tribe" means a tribe, band, nation, pueblo, or other organized group or community of
7481 Indians, including an Alaska Native village that is legally recognized as eligible for and
7482 is consistent with a special program, service, or entitlement provided by the United
7483 States to Indians because of their status as Indians.

7484 Section 245. Section **16-20-102**, which is renumbered from Section 48-3a-103 is renumbered
7485 and amended to read:

7486 **[~~48-3a-103~~] 16-20-102 . Knowledge -- Notice.**

7487 (1) A person knows a fact if the person:

7488 (a) has actual knowledge of [it] the fact; or

7489 (b) is deemed to know [it] the fact under Subsection (4)(a) or law other than this chapter.

7490 (2) A person has notice of a fact if the person:

7491 (a) has reason to know the fact from all the facts known to the person at the time in
7492 question; or

7493 (b) is deemed to have notice of the fact under Subsection (4)(b).

7494 (3) Subject to [~~Subsection 48-3a-209(6)~~] Sections 16-1a-207 and 16-1a-211, a person
7495 notifies another person of a fact by taking steps reasonably required to inform the other
7496 person in ordinary course, whether or not those steps cause the other person to know the
7497 fact.

7498 (4) A person not a member is deemed:

7499 (a) to know of a limitation on authority to transfer real property as provided in
7500 Subsection [~~48-3a-302(7)~~] 16-20-302(7); and

7501 (b) to have notice of a limited liability company's:

7502 (i) dissolution 90 days after a statement of dissolution under Subsection [
7503 ~~48-3a-703(2)(b)(i)~~] 16-20-703(2)(b)(i) becomes effective;

7504 (ii) termination 90 days after a statement of termination under Subsection [

7505 ~~48-3a-703(2)(b)(vi)] 16-20-703(2)(b)(vi)~~ becomes effective;

- 7506 (iii) participation in a merger, interest exchange, conversion, or domestication 90
7507 days after a statement of merger, interest exchange, conversion, or domestication
7508 under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication]~~
7509 Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part
7510 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective; and
7511 (iv) abandonment of a merger, interest exchange, conversion, or domestication 90
7512 days after a statement of abandonment of merger, interest exchange, conversion,
7513 or domestication under [~~Part 10, Merger, Interest Exchange, Conversion, and~~
7514 ~~Domestication]~~ Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange,
7515 Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes
7516 effective.

7517 Section 246. Section **16-20-103**, which is renumbered from Section 48-3a-104 is renumbered
7518 and amended to read:

7519 **[48-3a-104] 16-20-103 . Nature, purpose, and duration of limited liability**
7520 **company.**

- 7521 (1) A limited liability company is an entity distinct from [its] the limited liability company's
7522 member or members.
7523 (2) A limited liability company may have any lawful purpose, regardless of whether for
7524 profit.
7525 (3) A limited liability company has perpetual duration.

7526 Section 247. Section **16-20-104**, which is renumbered from Section 48-3a-105 is renumbered
7527 and amended to read:

7528 **[48-3a-105] 16-20-104 . Powers.**

7529 A limited liability company has the capacity to sue and be sued in [its] the limited
7530 liability company's own name and the power to do all things necessary or convenient to carry
7531 on [its] the limited liability company's activities and affairs.

7532 Section 248. Section **16-20-105**, which is renumbered from Section 48-3a-106 is renumbered
7533 and amended to read:

7534 **[48-3a-106] 16-20-105 . Governing law.**

7535 The law of this state governs:

- 7536 (1) the internal affairs of a limited liability company; and
7537 (2) the liability of a member as member and a manager as manager for the debts,
7538 obligations, or other liabilities of a limited liability company.

Section 249. Section **16-20-106**, which is renumbered from Section 48-3a-107 is renumbered and amended to read:

~~[48-3a-107]~~ 16-20-106 . Supplemental principles of law.

Unless displaced by particular provisions of this chapter, the principles of law and equity supplement this chapter.

Section 250. Section **16-20-107**, which is renumbered from Section 48-3a-112 is renumbered and amended to read:

~~[48-3a-112]~~ 16-20-107 . Operating agreement -- Scope, functions, and limitations.

(1) Except as otherwise provided in Subsections (3) and (4), the operating agreement governs:

- (a) relations among the members as members and between the members and the limited liability company;
- (b) the rights and duties under this chapter of a person in the capacity of manager;
- (c) the activities and affairs of the limited liability company and the conduct of those activities and affairs; and
- (d) the means and conditions for amending the operating agreement.

(2) To the extent the operating agreement does not provide for a matter described in Subsection (1), this chapter governs the matter.

(3) An operating agreement may not:

- (a) vary a limited liability company's capacity under Section ~~[48-3a-105]~~ 16-20-104 to sue and be sued in ~~[its]~~ the limited liability company's own name;
- (b) vary the law applicable under Section ~~[48-3a-106]~~ 16-20-105;
- (c) vary any requirement, procedure, or other provision of this chapter pertaining to:
 - (i) registered agents; or
 - (ii) the division, including provisions pertaining to records authorized or required to be delivered to the division for filing under this chapter;
- (d) vary the provisions of Section ~~[48-3a-204]~~ 16-1a-209;
- (e) eliminate the duty of loyalty or the duty of care, except as otherwise provided in Subsection (4);
- (f) eliminate the contractual obligation of good faith and fair dealing under Subsection ~~[48-3a-409(4)]~~ 16-20-409(4), but the operating agreement may prescribe the standards, if not unconscionable or against public policy, by which the performance of the obligation is to be measured;
- (g) relieve or exonerate a person from liability for conduct involving bad faith, willful

- 7573 misconduct, or recklessness;
- 7574 (h) unreasonably restrict the duties and rights under Section [~~48-3a-410~~] 16-20-410, but
- 7575 the operating agreement may impose reasonable restrictions on the availability and
- 7576 use of information obtained under that section and may define appropriate remedies,
- 7577 including liquidated damages, for a breach of any reasonable restriction on use;
- 7578 (i) vary the causes of dissolution specified in Subsections [~~48-3a-701(4)(a)~~]
- 7579 16-20-701(4)(a) and (5);
- 7580 (j) vary the requirement to wind up the limited liability company's activities and affairs
- 7581 as specified in Subsections [~~48-3a-703(1)~~] 16-20-703(1), (2)(a), and (5);
- 7582 (k) unreasonably restrict the right of a member to maintain an action under Part 8,
- 7583 Action by Members;
- 7584 (l) vary the provisions of Section [~~48-3a-805~~] 16-20-805, but the operating agreement
- 7585 may provide that the limited liability company may not have a special litigation
- 7586 committee;
- 7587 (m) vary the right of a member to approve a merger, interest exchange, conversion, or
- 7588 domestication under [~~Subsections 48-3a-1023(1)(b)~~] Section 16-1a-704, [~~48-3a-1033(1)(b)~~]
- 7589 16-1a-804, [~~48-3a-1043(1)(b)~~] 16-1a-904, or [~~48-3a-1053(1)(b)~~]
- 7590 16-1a-1004; or
- 7591 (n) except as otherwise provided in Section [~~48-3a-113~~] 16-20-108 and Subsection [~~48-3a-114(2)~~]
- 7592 16-20-109(2), restrict the rights under this chapter of a person other
- 7593 than a member or manager.
- 7594 (4) Subject to Subsection (3)(g), without limiting other terms that may be included in an
- 7595 operating agreement, the following rules apply:
- 7596 (a) The operating agreement may specify the method by which a specific act or
- 7597 transaction that would otherwise violate the duty of loyalty may be authorized or
- 7598 ratified by one or more disinterested and independent persons after full disclosure of
- 7599 all material facts.
- 7600 (b) To the extent the operating agreement of a member-managed limited liability
- 7601 company expressly relieves a member of a responsibility that the member would
- 7602 otherwise have under this chapter and imposes the responsibility on one or more
- 7603 other members, the operating agreement may, to the benefit of the member that the
- 7604 operating agreement relieves of the responsibility, also eliminate or limit any
- 7605 fiduciary duty that would have pertained to the responsibility.
- 7606 (c) If not unconscionable or against public policy, the operating agreement may:

- (i) alter or eliminate the aspects of the duty of loyalty stated in Subsections [48-3a-409(2)] 16-20-409(2) and (9);
- (ii) identify specific types or categories of activities that do not violate the duty of loyalty;
- (iii) alter the duty of care, but may not authorize intentional misconduct or knowing violation of law; and
- (iv) alter or eliminate any other fiduciary duty.

(5)(a) The court shall decide as a matter of law whether a term of an operating agreement is unconscionable or against public policy under Subsection (3)(f) or (4)(c).

(b) [-]The court:

[(a)] (i) shall make [its] the court's determination as of the time the challenged term became part of the operating agreement and by considering only circumstances existing at that time; and

[(b)] (ii) may invalidate the term only if, in light of the purposes, activities, and affairs of the limited liability company, it is readily apparent that:

[(i)] (A) the objective of the term is unconscionable or against public policy; or

[(ii)] (B) the means to achieve the term's objective is unconscionable or against public policy.

Section 251. Section **16-20-108**, which is renumbered from Section 48-3a-113 is renumbered and amended to read:

[48-3a-113] 16-20-108 . Operating agreement -- Effect on limited liability company and person becoming member -- Preformation agreement.

(1) A limited liability company is bound by and may enforce the operating agreement, whether or not the limited liability company has itself manifested assent to the operating agreement.

(2) A person that becomes a member of a limited liability company is deemed to assent to the operating agreement.

(3)(a) Two or more persons intending to become the initial members of a limited liability company may make an agreement providing that upon the formation of the limited liability company the agreement will become the operating agreement.

(b) [-]One person intending to become the initial member of a limited liability company may assent to terms providing that upon the formation of the limited liability company the terms will become the operating agreement.

Section 252. Section **16-20-109**, which is renumbered from Section 48-3a-114 is renumbered

and amended to read:

[48-3a-114] 16-20-109 . Operating agreement -- Effect on third parties and relationship to records effective on behalf of limited liability company.

(1)(a) An operating agreement may specify that [its] the operating agreement's

amendment requires the approval of a person that is not a party to the operating agreement or the satisfaction of a condition.

(b) [-]An amendment is ineffective if [its] the amendment's adoption does not include the required approval or satisfy the specified condition.

(2)(a) The obligations of a limited liability company and [its] the limited liability

company's members to a person in the person's capacity as a transferee or a person dissociated as a member are governed by the operating agreement.

(b) [-]Subject only to a court order issued under Subsection [48-3a-503(2)(b)]

16-20-503(2)(b) to effectuate a charging order, an amendment to the operating agreement made after a person becomes a transferee or is dissociated as a member:

[(a)] (i) is effective with regard to any debt, obligation, or other liability of the limited liability company or its members to the person in the person's capacity as a transferee or person dissociated as a member; and

[(b)] (ii) is not effective to the extent the amendment imposes a new debt, obligation, or other liability on the transferee or person dissociated as a member.

(3) If a record delivered by a limited liability company to the division for filing becomes effective and contains a provision that would be ineffective under [~~Subsection 48-3a-112(3) or (4)(c)~~] Section 16-20-107 if contained in the operating agreement, the provision is ineffective in the record.

(4) Subject to Subsection (3), if a record delivered by a limited liability company to the division for filing becomes effective and conflicts with a provision of the operating agreement:

(a) the operating agreement prevails as to members, persons dissociated as members, transferees, and managers; and

(b) the record prevails as to other persons to the extent [they] the persons reasonably rely on the record.

Section 253. Section **16-20-110**, which is renumbered from Section 48-3a-115 is renumbered and amended to read:

[48-3a-115] 16-20-110 . Delivery of record.

(1) Except as otherwise provided in this chapter, permissible means of delivery of a record

include delivery by hand, the United States Postal Service, a commercial delivery service, and electronic transmission.

(2) Delivery to the division is effective only when a record is received by the division.

Section 254. Section **16-20-111**, which is renumbered from Section 48-3a-116 is renumbered and amended to read:

[48-3a-116] 16-20-111 . Reservation of power to amend or repeal.

The Legislature of this state has power to amend or repeal all or part of this chapter at any time, and all domestic and foreign limited liability companies subject to this chapter are governed by the amendment or repeal.

Section 255. Section **16-20-112** is enacted to read:

16-20-112 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 256. Section **16-20-201**, which is renumbered from Section 48-3a-201 is renumbered and amended to read:

Part 2. Formation -- Certificate of Organization and Other Filings

[48-3a-201] 16-20-201 . Formation of limited liability company -- Certificate of organization.

(1) One or more persons may act as organizers to form a limited liability company by delivering to the division for filing a certificate of organization.

(2) A certificate of organization must state:

- (a) the name of the limited liability company, which must comply with Section [~~48-3a-108~~] 16-1a-302;
- (b) the street and mailing address of the limited liability company's principal office;
- (c) the information required by [~~Subsection 16-17-203(1)~~] Section 16-1a-404;
- (d) if the limited liability company is a low-profit limited liability company, a statement that the limited liability company is a low-profit limited liability company;
- (e) if the limited liability company is a professional services company, the information required by Section [~~48-3a-1103~~] 16-20-1003; and
- (f) if the limited liability company is to have one or more series in which the liabilities of the series are to be limited as contemplated by [~~Subsection 48-3a-1201(2)~~] Section 16-20-1101, notice of the limitation on liability in accordance with Section [~~48-3a-1202~~] 16-20-1102.

(3)(a) A certificate of organization may contain statements as to matters other than those

required by Subsection (2), but may not vary or otherwise affect the provisions specified in Subsection [48-3a-112(3)] 16-20-107(3) in a manner inconsistent with that section.

(b) [–]However, a statement in a certificate of organization is not effective as a statement of authority.

(4) A limited liability company is formed when the limited liability company's certificate of organization becomes effective and at least one person becomes a member.

Section 257. Section **16-20-202**, which is renumbered from Section 48-3a-202 is renumbered and amended to read:

[48-3a-202] 16-20-202 . Amendment or restatement of certificate of organization.

(1) A certificate of organization may be amended or restated at any time, except that in accordance with Section [48-3a-1303] 16-20-1203, a low-profit limited liability company shall amend [its] the low-profit limited liability company's certificate of organization if the limited liability company ceases to be a low-profit limited liability company.

(2) To amend [its] a limited liability company's certificate of organization, a limited liability company must deliver to the division for filing an amendment stating:

(a) the name of the limited liability company;

(b) the date of filing of [its] the limited liability company's initial certificate of organization; and

(c) the changes the amendment makes to the certificate as most recently amended or restated.

(3) To restate [its] a limited liability company's certificate of organization, a limited liability company must deliver to the division for filing a restatement designated as such in [its] the restatement's heading.

(4) If a member of a member-managed limited liability company, or a manager of a manager-managed limited liability company, knows that any information in a filed certificate of organization was inaccurate when the certificate was filed or has become inaccurate due to changed circumstances, the member or manager shall promptly:

(a) cause the certificate to be amended; or

(b) if appropriate, deliver to the division for filing a statement of change under Section [48-3a-208] 16-17-206 16-1a-407 or a statement of correction under Section [48-3a-208] 16-1a-206.

Section 258. Section **16-20-301**, which is renumbered from Section 48-3a-301 is renumbered and amended to read:

Part 3. Relations of Members and Managers to Persons Dealing with a Limited

Liability Company

[48-3a-301] 16-20-301 . No agency powers of member as member.

(1) A member is not an agent of a limited liability company solely by reason of being a member.

(2) A person's status as a member does not prevent or restrict law other than this chapter from imposing liability on a limited liability company because of the person's conduct.

Section 259. Section **16-20-302**, which is renumbered from Section 48-3a-302 is renumbered and amended to read:

[48-3a-302] 16-20-302 . Statement of authority.

(1)(a) A limited liability company may deliver to the division for filing a statement of authority.

(b) [-]The statement:

[(a)] (i) must include the name of the limited liability company and the street and mailing addresses of [its] the limited liability company's registered agent;

[(b)] (ii) with respect to any position that exists in or with respect to the limited liability company, may state the authority, or limitations on the authority, of all persons holding the position to:

[(+)] (A) execute an instrument transferring real property held in the name of the limited liability company; or

[(+)] (B) enter into other transactions on behalf of, or otherwise act for or bind, the limited liability company; and

[(e)] (iii) may state the authority, or limitations on the authority, of a specific person to:

[(+)] (A) execute an instrument transferring real property held in the name of the limited liability company; or

[(+)] (B) enter into other transactions on behalf of, or otherwise act for or bind, the limited liability company.

(2) To amend or cancel a statement of authority filed by the division, a limited liability company must deliver to the division for filing an amendment or cancellation stating:

(a) the name of the limited liability company;

(b) the street and mailing addresses of the limited liability company's registered agent;

7775 (c) the date the statement being affected became effective; and

7776 (d) the contents of the amendment or a declaration that the statement is canceled.

7777 (3) A statement of authority affects only the power of a person to bind a limited liability
7778 company to persons that are not members.

7779 (4) Subject to Subsection (3) and [~~Subsection 48-3a-103(4)~~] Subsection 16-20-102(4), and
7780 except as otherwise provided in Subsections (6), (7), and (8), a limitation on the
7781 authority of a person or a position contained in an effective statement of authority is not
7782 by itself evidence of knowledge or notice of the limitation by any person.

7783 (5) Subject to Subsection (3), a grant of authority not pertaining to transfers of real property
7784 and contained in an effective statement of authority is conclusive in favor of a person
7785 that gives value in reliance on the grant, except to the extent that when the person gives
7786 value:

7787 (a) the person has knowledge to the contrary;

7788 (b) the statement of authority has been canceled or restrictively amended under
7789 Subsection (2); or

7790 (c) a limitation on the grant is contained in another statement of authority that became
7791 effective after the statement of authority containing the grant became effective.

7792 (6) Subject to Subsection (3), an effective statement of authority that grants authority to
7793 transfer real property held in the name of the limited liability company and a certified
7794 copy of which is recorded in the office for recording transfers of the real property is
7795 conclusive in favor of a person that gives value in reliance on the grant without
7796 knowledge to the contrary, except to the extent that when the person gives value:

7797 (a) the statement of authority has been canceled or restrictively amended under
7798 Subsection (2), and a certified copy of the cancellation or restrictive amendment has
7799 been recorded in the office for recording transfers of the real property; or

7800 (b) a limitation on the grant is contained in another statement of authority that became
7801 effective after the statement of authority containing the grant became effective, and a
7802 certified copy of the later-effective statement of authority is recorded in the office for
7803 recording transfers of the real property.

7804 (7) Subject to Subsection (3), if a certified copy of an effective statement of authority
7805 containing a limitation on the authority to transfer real property held in the name of a
7806 limited liability company is recorded in the office for recording transfers of that real
7807 property, all persons are deemed to know of the limitation.

7808 (8) Subject to Subsection (9), an effective statement of dissolution or termination is a

cancellation of any filed statement of authority for the purposes of Subsection (6) and is a limitation on authority for the purposes of Subsection (7).

(9)(a) After a statement of dissolution becomes effective, a limited liability company may deliver to the division for filing and, if appropriate, may record a statement of authority that is designated as a postdissolution statement of authority.

(b) [-]The postdissolution statement of authority operates as provided in Subsections (6) and (7).

(10)(a) Unless earlier canceled, an effective statement of authority is canceled by operation of law five years after the date on which the statement of authority, or [its] the most recent amendment to the statement of authority, becomes effective.

(b) [-]This cancellation operates without need for any recording under Subsection (6) or (7).

(11) An effective statement of denial operates as a restrictive amendment under this section and may be recorded by certified copy for purposes of Subsection (6)(a).

Section 260. Section **16-20-303**, which is renumbered from Section 48-3a-303 is renumbered and amended to read:

[48-3a-303] 16-20-303 . Statement of denial.

A person named in a filed statement of authority granting that person authority may deliver to the division for filing a statement of denial that:

- (1) provides the name of the limited liability company and the caption of the statement of authority to which the statement of denial pertains; and
- (2) denies the grant of authority.

Section 261. Section **16-20-304**, which is renumbered from Section 48-3a-304 is renumbered and amended to read:

[48-3a-304] 16-20-304 . Liability of members and managers.

(1)(a) A debt, obligation, or other liability of a limited liability company is solely the debt, obligation, or other liability of the limited liability company.

(b) [-]A member or manager is not personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the limited liability company solely by reason of being or acting as a member or manager.

(c) [-]This Subsection (1) applies regardless of the dissolution of the limited liability company.

(2) The failure of a limited liability company to observe formalities relating to the exercise of [its] the limited liability company's powers or management of [its] the limited liability

company's activities and affairs is not a ground for imposing liability on a member or manager of the limited liability company for a debt, obligation, or other liability of the limited liability company.

Section 262. Section **16-20-401**, which is renumbered from Section 48-3a-401 is renumbered and amended to read:

Part 4. Relations of Members to Each Other and to a Limited Liability Company

[~~48-3a-401~~] 16-20-401 . Becoming a member.

(1)(a) If a limited liability company is to have only one member upon formation, the person becomes a member as agreed by that person and the organizer of the limited liability company.

(b) [-]That person and the organizer may be, but need not be, different persons.

(c) [-]If different, the organizer acts on behalf of the initial member.

(2)(a) If a limited liability company is to have more than one member upon formation, those persons become members as agreed by the persons before the formation of the limited liability company.

(b) [-]The organizer acts on behalf of the persons in forming the limited liability company and may be, but need not be, one of the persons.

(3) After formation of a limited liability company, a person becomes a member:

(a) as provided in the operating agreement;

(b) as the result of a transaction effective under[~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] :

(i) Chapter 1a, Part 7, Merger;

(ii) Chapter 1a, Part 8, Interest Exchange;

(iii) Chapter 1a, Part 9, Conversion; or

(iv) Chapter 1a, Part 10, Domestication;

(c) with the consent of all the members; or

(d) as provided in Subsection [~~48-3a-701(3)~~] 16-20-701(3).

(4) A person may become a member without:

(a) acquiring a transferable interest; or

(b) making or being obligated to make a contribution to the limited liability company.

Section 263. Section **16-20-402**, which is renumbered from Section 48-3a-402 is renumbered and amended to read:

[~~48-3a-402~~] 16-20-402 . Form of contribution.

A contribution may consist of property transferred to, services performed for, or another

benefit provided to the limited liability company or an agreement to transfer property to, perform services for, or provide another benefit to the company.

Section 264. Section **16-20-403**, which is renumbered from Section 48-3a-403 is renumbered and amended to read:

[48-3a-403] 16-20-403 . Liability for contributions.

- (1) A person's obligation to make a contribution to a limited liability company is not excused by the person's death, disability, or other inability to perform personally.
- (2) If a person does not fulfill an obligation to make a contribution other than money, the person is obligated at the option of the limited liability company to contribute money equal to the value of the part of the contribution which has not been made.
- (3)(a) The obligation of a person to make a contribution may be compromised only by consent of all members.
- (b) [-]If a creditor of a limited liability company extends credit or otherwise acts in reliance on an obligation described in Subsection (1) without notice of a compromise under this Subsection (3), the creditor may enforce the obligation.

Section 265. Section **16-20-404**, which is renumbered from Section 48-3a-404 is renumbered and amended to read:

[48-3a-404] 16-20-404 . Sharing of and right to distributions before dissolution.

- (1) Any distributions made by a limited liability company before [its] the limited liability company's dissolution and winding up must be in equal shares among members and persons dissociated as members, except to the extent necessary to comply with a transfer effective under Section [48-3a-502] 16-20-502 or charging order in effect under Section [48-3a-503] 16-20-503.
- (2)(a) A person has a right to a distribution before the dissolution and winding up of a limited liability company only if the limited liability company decides to make an interim distribution.
- (b) [-]A person's dissociation does not entitle the person to a distribution.
- (3)(a) A person does not have a right to demand or receive a distribution from a limited liability company in any form other than money.
- (b) [-]Except as otherwise provided in Subsection [48-3a-711(4)] 16-20-708(4), a limited liability company may distribute an asset in kind only if each part of the asset is fungible with each other part and each person receives a percentage of the asset equal in value to the person's share of distributions.
- (4)(a) If a member or transferee becomes entitled to receive a distribution, the member

or transferee has the status of, and is entitled to all remedies available to, a creditor of the limited liability company with respect to the distribution.

(b) [–]However, the limited liability company's obligation to make a distribution is subject to offset for any amount owed to the limited liability company by the member or a person dissociated as a member on whose account the distribution is made.

Section 266. Section **16-20-405**, which is renumbered from Section 48-3a-405 is renumbered and amended to read:

[48-3a-405] 16-20-405 . Limitation on distributions.

(1) A limited liability company may not make a distribution, including a distribution under Section [48-3a-711] 16-20-708, if after the distribution:

(a) the limited liability company would not be able to pay [its] the limited liability company's debts as [they] the debts become due in the ordinary course of the limited liability company's activities and affairs; or

(b) the limited liability company's total assets would be less than the sum of [its] the limited liability company's total liabilities plus, unless the operating agreement permits otherwise, the amount that would be needed, if the limited liability company were to be dissolved and wound up at the time of the distribution, to satisfy the preferential rights upon dissolution and winding up of members and transferees whose preferential rights are superior to those of persons receiving the distribution.

(2) A limited liability company may base a determination that a distribution is not prohibited under Subsection (1) on:

(a) financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances; or

(b) a fair valuation or other method that is reasonable under the circumstances.

(3) Except as otherwise provided in Subsection (5), the effect of a distribution under Subsection (1) is measured:

(a) in the case of a distribution as defined in Subsection [48-3a-102(4)(a)] 16-20-101(4)(a), as of the earlier of:

(i) the date money or other property is transferred or debt is incurred by the limited liability company; or

(ii) the date the person entitled to the distribution ceases to own the interest or right being acquired by the limited liability company in return for the distribution;

(b) in the case of any other distribution of indebtedness, as of the date the indebtedness is distributed; and

(c) in all other cases, as of the date:

(i) the distribution is authorized, if the payment occurs not later than 120 days after that date; or

(ii) the payment is made, if the payment occurs more than 120 days after the distribution is authorized.

(4) A limited liability company's indebtedness to a member or transferee incurred by reason of a distribution made in accordance with this section is at parity with the limited liability company's indebtedness to its general, unsecured creditors, except to the extent subordinated by agreement.

(5)(a) A limited liability company's indebtedness, including indebtedness issued as a distribution, is not a liability for purposes of Subsection (1) if the terms of the indebtedness provide that payment of principal and interest is made only if and to the extent that payment of a distribution could then be made under this section.

(b) [-]If the indebtedness is issued as a distribution, each payment of principal or interest is treated as a distribution, the effect of which is measured on the date the payment is made.

(6) In measuring the effect of a distribution under Section [48-3a-711] 16-20-708, the liabilities of a dissolved limited liability company do not include any claim that has been disposed of under Section [48-3a-705] 16-20-705, [48-3a-706] 16-20-706, or [48-3a-707] 16-20-707.

Section 267. Section **16-20-406**, which is renumbered from Section 48-3a-406 is renumbered and amended to read:

[48-3a-406] 16-20-406 . Liability for improper distributions.

(1) Except as otherwise provided in Subsection (2), if a member of a member-managed limited liability company or manager of a manager-managed limited liability company consents to a distribution made in violation of Section [48-3a-405] 16-20-405 and in consenting to the distribution fails to comply with Section [48-3a-409] 16-20-409, the member or manager is personally liable to the limited liability company for the amount of the distribution which exceeds the amount that could have been distributed without the violation of Section [48-3a-405] 16-20-405.

(2) To the extent the operating agreement of a member-managed limited liability company expressly relieves a member of the authority and responsibility to consent to distributions and imposes that authority and responsibility on one or more other members, the liability stated in Subsection (1) applies to the other members and not the

7979 member that the operating agreement relieves of authority and responsibility.

7980 (3) A person that receives a distribution knowing that the distribution violated Section [
7981 ~~48-3a-405~~] 16-20-405 is personally liable to the limited liability company but only to the
7982 extent that the distribution received by the person exceeded the amount that could have
7983 been properly paid under Section [~~48-3a-405~~] 16-20-405.

7984 (4) A person against which an action is commenced because the person is liable under
7985 Subsection (1) may:

7986 (a) implead any other person that is liable under Subsection (1) and seek to enforce a
7987 right of contribution from the person; and

7988 (b) implead any person that received a distribution in violation of Subsection (3) and
7989 seek to enforce a right of contribution from the person in the amount the person
7990 received in violation of Subsection (3).

7991 (5) An action under this section is barred unless commenced not later than two years after
7992 the distribution.

7993 Section 268. Section **16-20-407**, which is renumbered from Section 48-3a-407 is renumbered
7994 and amended to read:

7995 **[~~48-3a-407~~] 16-20-407 . Management of limited liability company.**

7996 (1) A limited liability company is a member-managed limited liability company unless the
7997 operating agreement:

7998 (a) expressly provides that:

7999 (i) the limited liability company is or will be "manager-managed";

8000 (ii) the limited liability company is or will be "managed by managers"; or

8001 (iii) management of the limited liability company is or will be "vested in managers";

8002 or

8003 (b) includes words of similar import.

8004 (2) In a member-managed limited liability company, the following rules apply:

8005 (a) Except as otherwise provided in this chapter, the management and conduct of the
8006 limited liability company are vested in the members.

8007 (b) Each member has equal rights in the management and conduct of the limited liability
8008 company's activities and affairs.

8009 (c) A difference arising among members as to a matter in the ordinary course of the
8010 activities of the limited liability company shall be decided by a majority of the
8011 members.

8012 (d) An act outside the ordinary course of the activities and affairs of the limited liability

company may be undertaken only with the affirmative vote or consent of all members.

(e) The affirmative vote or consent of all members is required to approve a transaction under~~[Part 10, Merger, Interest Exchange, Conversion, and Domestication]~~ :

(i) Chapter 1a, Part 7, Merger;

(ii) Chapter 1a, Part 8, Interest Exchange;

(iii) Chapter 1a, Part 9, Conversion; or

(iv) Chapter 1a, Part 10, Domestication.

(f) The operating agreement may be amended only with the affirmative vote or consent of all members.

(3) In a manager-managed limited liability company, the following rules apply:

(a) Except as expressly provided in this chapter, any matter relating to the activities and affairs of the limited liability company is decided exclusively by the manager, or, if there is more than one manager, by a majority of the managers.

(b) Each manager has equal rights in the management and conduct of the limited liability company's activities and affairs.

(c) The affirmative vote or consent of all members is required to:

(i) approve a transaction under~~[Part 10, Merger, Interest Exchange, Conversion, and Domestication]~~ :

(A) Chapter 1a, Part 7, Merger;

(B) Chapter 1a, Part 8, Interest Exchange;

(C) Chapter 1a, Part 9, Conversion; or

(D) Chapter 1a, Part 10, Domestication;

(ii) undertake any act outside the ordinary course of the limited liability company's activities and affairs; or

(iii) amend the operating agreement.

(d) A manager may be chosen at any time by the consent of a majority of the members and remains a manager until a successor has been chosen, unless the manager at an earlier time resigns, is removed, or dies, or, in the case of a manager that is not an individual, terminates. A manager may be removed at any time by the consent of a majority of the members without notice or cause.

(e)(i) A person need not be a member to be a manager, but the dissociation of a member that is also a manager removes the person as a manager.

(ii) ~~[-]~~If a person that is both a manager and a member ceases to be a manager, that cessation does not by itself dissociate the person as a member.

(f) A person's ceasing to be a manager does not discharge any debt, obligation, or other liability to the limited liability company or members which the person incurred while a manager.

(4) An action requiring the vote or consent of members under this chapter may be taken without a meeting, and a member may appoint a proxy or other agent to vote, consent, or otherwise act for the member by signing an appointing record, personally or by the member's agent.

(5)(a) The dissolution of a limited liability company does not affect the applicability of this section.

(b) [–]However, a person that wrongfully causes dissolution of the limited liability company loses the right to participate in management as a member and a manager.

(6) A limited liability company shall reimburse a member for an advance to the limited liability company beyond the amount of capital the member agreed to contribute.

(7) A payment or advance made by a member which gives rise to an obligation of the limited liability company under Subsection (6) or Subsection [48-3a-408(1)] 16-20-408(1) constitutes a loan to the limited liability company which accrues interest from the date of the payment or advance.

(8) A member is not entitled to remuneration for services performed for a member-managed limited liability company, except for reasonable compensation for services rendered in winding up the activities of the limited liability company.

Section 269. Section **16-20-408**, which is renumbered from Section 48-3a-408 is renumbered and amended to read:

[48-3a-408] 16-20-408 . Reimbursement, indemnification, advancement, and insurance.

(1) A limited liability company shall reimburse a member of a member-managed limited liability company or the manager of a manager-managed limited liability company for any payment made by the member or manager in the course of the member's or manager's activities on behalf of the limited liability company, if the member or manager complied with Sections [48-3a-407] 16-20-407 and [48-3a-409] 16-20-409 in making the payment.

(2) A limited liability company shall indemnify and hold harmless a person with respect to any claim or demand against the person and any debt, obligation, or other liability incurred by the person by reason of the person's former or present capacity as a member or manager, if the claim, demand, debt, obligation, or other liability does not arise from

8081 the person's breach of Section [~~48-3a-405~~] 16-20-405, [~~48-3a-407~~] 16-20-407, or [~~48-3a-409~~] 16-20-409.

8083 (3) In the ordinary course of its activities and affairs, a limited liability company may
8084 advance reasonable expenses, including attorney's fees and costs, incurred by a person in
8085 connection with a claim or demand against the person by reason of the person's former
8086 or present capacity as a member or manager, if the person promises to repay the limited
8087 liability company if the person ultimately is determined not to be entitled to be
8088 indemnified under Subsection (2).

8089 (4) A limited liability company may purchase and maintain insurance on behalf of a
8090 member or manager of the limited liability company against liability asserted against or
8091 incurred by the member or manager in that capacity or arising from that status even if,
8092 under Subsection [~~48-3a-112(3)(g)~~] 16-20-107(3)(g), the operating agreement could not
8093 eliminate or limit the person's liability to the limited liability company for the conduct
8094 giving rise to the liability.

8095 Section 270. Section **16-20-409**, which is renumbered from Section 48-3a-409 is renumbered
8096 and amended to read:

8097 **[~~48-3a-409~~] 16-20-409 . Standards of conduct for members and managers.**

8098 (1) A member of a member-managed limited liability company owes to the limited liability
8099 company and, subject to Subsection [~~48-3a-801(1)~~] 16-20-801(1), the other members the
8100 duties of loyalty and care stated in Subsections (2) and (3).

8101 (2) The duty of loyalty of a member in a member-managed limited liability company
8102 includes the duties:

8103 (a) to account to the limited liability company and to hold as trustee for it any property,
8104 profit, or benefit derived by the member:

8105 (i) in the conduct or winding up of the limited liability company's activities and
8106 affairs;

8107 (ii) from a use by the member of the limited liability company's property; or

8108 (iii) from the appropriation of a limited liability company opportunity;

8109 (b) to refrain from dealing with the limited liability company in the conduct or winding
8110 up of the limited liability company's activities and affairs as or on behalf of a person
8111 having an interest adverse to the limited liability company; and

8112 (c) to refrain from competing with the limited liability company in the conduct of the
8113 company's activities and affairs before the dissolution of the limited liability
8114 company.

- 8115 (3) The duty of care of a member of a member-managed limited liability company in the
8116 conduct or winding up of the limited liability company's activities and affairs is to
8117 refrain from engaging in grossly negligent or reckless conduct, intentional misconduct,
8118 or a knowing violation of law.
- 8119 (4) A member shall discharge the duties and obligations under this chapter or under the
8120 operating agreement and exercise any rights consistently with the contractual obligation
8121 of good faith and fair dealing.
- 8122 (5) A member does not violate a duty or obligation under this chapter or under the
8123 operating agreement solely because the member's conduct furthers the member's own
8124 interest.
- 8125 (6) All the members of a member-managed limited liability company or a
8126 manager-managed limited liability company may authorize or ratify, after full disclosure
8127 of all material facts, a specific act or transaction that otherwise would violate the duty of
8128 loyalty.
- 8129 (7) It is a defense to a claim under Subsection (2)(b) and any comparable claim in equity or
8130 at common law that the transaction was fair to the limited liability company.
- 8131 (8) If, as permitted by Subsection (6) or (9)(f) or the operating agreement, a member enters
8132 into a transaction with the limited liability company which otherwise would be
8133 prohibited by Subsection (2)(b), the member's rights and obligations arising from the
8134 transaction are the same as those of a person that is not a member.
- 8135 (9) In a manager-managed limited liability company, the following rules apply:
- 8136 (a) Subsections (1), (2), (3), and (7) apply to the manager or managers and not the
8137 members.
- 8138 (b) The duty stated under Subsection (2)(c) continues until winding up is completed.
- 8139 (c) Subsection (4) applies to managers and members.
- 8140 (d) Subsection (5) applies only to members.
- 8141 (e) The power to ratify under Subsection (6) applies only to the members.
- 8142 (f) Subject to Subsection (4), a member does not have any duty to the limited liability
8143 company or to any other member solely by reason of being a member.
- 8144 Section 271. Section **16-20-410**, which is renumbered from Section 48-3a-410 is renumbered
8145 and amended to read:
- 8146 **[48-3a-410] 16-20-410 . Rights of member, manager, and person dissociated as**
8147 **member to information.**
- 8148 (1) In a member-managed limited liability company, the following rules apply:

- (a) On reasonable notice, a member may inspect and copy during regular business hours, at a reasonable location specified by the limited liability company, any record maintained by the limited liability company regarding the limited liability company's activities, affairs, financial condition, and other circumstances, to the extent the information is material to the member's rights and duties under the operating agreement or this chapter.
- (b) The limited liability company shall furnish to each member:
- (i) without demand, any information concerning the limited liability company's activities, affairs, financial condition, and other circumstances which the limited liability company knows and is material to the proper exercise of the member's rights and duties under the operating agreement or this chapter, except to the extent the limited liability company can establish that it reasonably believes the member already knows the information; and
 - (ii) on demand, any other information concerning the limited liability company's activities, affairs, financial condition, and other circumstances, except to the extent the demand or information demanded is unreasonable or otherwise improper under the circumstances.
- (c) The duty to furnish information under Subsection (1)(b) also applies to each member to the extent the member knows any of the information described in Subsection (1)(b).
- (2) In a manager-managed limited liability company, the following rules apply:
- (a) The informational rights stated in Subsection (1) and the duty stated in Subsection (1)(c) apply to the managers and not the members.
 - (b) During regular business hours and at a reasonable location specified by the limited liability company, a member may inspect and copy full information regarding the activities, affairs, financial condition, and other circumstances of the limited liability company as is just and reasonable if:
 - (i) the member seeks the information for a purpose reasonably related to the member's interest as a member;
 - (ii) the member makes a demand in a record received by the limited liability company, describing with reasonable particularity the information sought and the purpose for seeking the information; and
 - (iii) the information sought is directly connected to the member's purpose.
 - (c) Not later than 10 days after receiving a demand ~~[pursuant to]~~ in accordance with Subsection (2)(b)(ii), the limited liability company shall in a record inform the

member that made the demand of:

(i) the information that the limited liability company will provide in response to the demand and when and where the limited liability company will provide the information; and

(ii) the limited liability company's reasons for declining, if the limited liability company declines to provide any demanded information.

(d) Whenever this chapter or an operating agreement provides for a member to give or withhold consent to a matter, before the consent is given or withheld, the limited liability company shall, without demand, provide the member with all information that is known to the limited liability company and is material to the member's decision.

(3) Subject to Subsection (9), on 10 days' demand made in a record received by a limited liability company, a person dissociated as a member may have access to information to which the person was entitled while a member if:

(a) the information pertains to the period during which the person was a member;

(b) the person seeks the information in good faith; and

(c) the person satisfies the requirements imposed on a member by Subsection (2)(b).

(4) A limited liability company shall respond to a demand made ~~[pursuant to]~~ in accordance with Subsection (3) in the manner provided in Subsection (2)(c).

(5) A limited liability company may charge a person that makes a demand under this section the reasonable costs of copying, limited to the costs of labor and material.

(6) A member or person dissociated as a member may exercise rights under this section through an agent or, in the case of an individual under legal disability, a legal representative. Any restriction or condition imposed by the operating agreement or under Subsection (9) applies both to the agent or legal representative and the member or person dissociated as a member.

(7) Subject to Subsection (9), the rights under this section do not extend to a person as transferee.

(8) If a member dies, Section ~~[48-3a-504]~~ 16-20-504 applies.

(9)(a) In addition to any restriction or condition stated in the operating agreement, a limited liability company, as a matter within the ordinary course of its activities and affairs, may impose reasonable restrictions and conditions on access to and use of information to be furnished under this section, including designating information confidential and imposing nondisclosure and safeguarding obligations on the

8217 recipient.

8218 (b) [-]In a dispute concerning the reasonableness of a restriction under this Subsection
8219 (9), the limited liability company has the burden of proving reasonableness.

8220 Section 272. Section **16-20-501**, which is renumbered from Section 48-3a-501 is renumbered
8221 and amended to read:

8222 **Part 5. Transferable Interests and Rights of Transferees and Creditors**

8223 **[48-3a-501] 16-20-501 . Nature of transferable interest.**

8224 A transferable interest is personal property.

8225 Section 273. Section **16-20-502**, which is renumbered from Section 48-3a-502 is renumbered
8226 and amended to read:

8227 **[48-3a-502] 16-20-502 . Transfer of transferable interest.**

8228 (1) Subject to Subsection [48-3a-503(6)] 16-20-503(6), a transfer, in whole or in part, of a
8229 transferable interest:

8230 (a) is permissible;

8231 (b) does not by itself cause a member's dissociation or a dissolution and winding up of
8232 the limited liability company's activities and affairs; and

8233 (c) subject to Section [48-3a-504] 16-20-504, does not entitle the transferee to:

8234 (i) participate in the management or conduct of the limited liability company's
8235 activities and affairs; or

8236 (ii) except as otherwise provided in Subsection (3), have access to records or other
8237 information concerning the limited liability company's activities and affairs.

8238 (2) A transferee has the right to receive, in accordance with the transfer, distributions to
8239 which the transferor would otherwise be entitled.

8240 (3) In a dissolution and winding up of a limited liability company, a transferee is entitled to
8241 an account of the limited liability company's transactions only from the date of
8242 dissolution.

8243 (4) A transferable interest may be evidenced by a certificate of the interest issued by the
8244 limited liability company in a record, and, subject to this section, the interest represented
8245 by the certificate may be transferred by a transfer of the certificate.

8246 (5) A limited liability company need not give effect to a transferee's rights under this
8247 section until the limited liability company knows or has notice of the transfer.

8248 (6) A transfer of a transferable interest in violation of a restriction on transfer contained in
8249 the operating agreement is ineffective as to a person having knowledge or notice of the
8250 restriction at the time of transfer.

- (7) Except as otherwise provided in Subsection [~~48-3a-602(5)(b)~~] 16-20-602(5)(b), if a member transfers a transferable interest, the transferor retains the rights of a member other than the transferable interest transferred and retains all the duties and obligations of a member.
- (8) If a member transfers a transferable interest to a person that becomes a member with respect to the transferred interest, the transferee is liable for the member's obligations under Section [~~48-3a-403~~] 16-20-403 and Subsection [~~48-3a-406(3)~~] 16-20-406(3) known to the transferee when the transferee becomes a member.

Section 274. Section **16-20-503**, which is renumbered from Section 48-3a-503 is renumbered and amended to read:

[~~48-3a-503~~] 16-20-503 . Charging order.

- (1)(a) On application by a judgment creditor of a member or transferee, a court may enter a charging order against the transferable interest of the judgment debtor for the unsatisfied amount of the judgment.
- (b) [~~-~~]Except as otherwise provided in Subsection (6), a charging order constitutes a lien on a judgment debtor's transferable interest and, after the limited liability company has been served with the charging order, requires the limited liability company 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~~] in accordance with 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)(a) 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.
- (b) [~~-~~]Except as otherwise provided in Subsection (6), the purchaser at the foreclosure sale only obtains the transferable interest, does not thereby become a member, and is subject to Section [~~48-3a-502~~] 16-20-502.
- (4) At any time before foreclosure under Subsection (3), the member 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 limited liability company or one or more members 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) If a court orders foreclosure of a charging order lien against the sole member of a limited liability company:
- (a) the court shall confirm the sale;
 - (b) the purchaser at the sale obtains the member's entire interest, not only the member's transferable interest;
 - (c) the purchaser thereby becomes a member; and
 - (d) the person whose interest was subject to the foreclosed charging order is dissociated as a member.
- (7) This chapter does not deprive any member or transferee of the benefit of any exemption laws applicable to the transferable interest of the member or transferee.
- (8) This section provides the exclusive remedy by which a person seeking to enforce a judgment against a member or transferee may, in the capacity of judgment creditor, satisfy the judgment from the judgment debtor's transferable interest.

Section 275. Section **16-20-504**, which is renumbered from Section 48-3a-504 is renumbered and amended to read:

[48-3a-504] 16-20-504 . Power of legal representative of deceased member.

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

- (1) the rights of a transferee provided in Subsection [48-3a-502(3)] 16-20-502(3); and
- (2) for the purposes of settling the estate, the rights the deceased member had under Section [48-3a-410] 16-20-410.

Section 276. Section **16-20-601**, which is renumbered from Section 48-3a-601 is renumbered and amended to read:

Part 6. Dissociation

[48-3a-601] 16-20-601 . Power to dissociate as member -- Wrongful dissociation.

- (1) A person has the power to dissociate as a member at any time, rightfully or wrongfully, by withdrawing as a member by express will under Subsection [48-3a-602(1)] 16-20-602(1).
- (2) A person's dissociation as a member is wrongful only if the dissociation:
 - (a) is in breach of an express provision of the operating agreement; or
 - (b) occurs before the completion of the winding up of the limited liability company and:

- 8319 (i) the person withdraws as a member by express will;
- 8320 (ii) the person is expelled as a member by judicial order under Subsection [
8321 ~~48-3a-602(6)~~] 16-20-602(6);
- 8322 (iii) the person is dissociated under Subsection [~~48-3a-602(8)~~] 16-20-602(8); or
- 8323 (iv) in the case of a person that is not a trust other than a business trust, an estate, or
8324 an individual, the person is expelled or otherwise dissociated as a member because
8325 it willfully dissolved or terminated.

8326 (3)(a) A person that wrongfully dissociates as a member is liable to the limited liability
8327 company and, subject to Section [~~48-3a-801~~] 16-20-801, to the other members for
8328 damages caused by the dissociation.

8329 (b) [-]The liability is in addition to any debt, obligation, or other liability of the member
8330 to the limited liability company or the other members.

8331 Section 277. Section **16-20-602**, which is renumbered from Section ~~48-3a-602~~ is renumbered
8332 and amended to read:

8333 **[~~48-3a-602~~] 16-20-602 . Events causing dissociation.**

8334 A person is dissociated as a member when:

- 8335 (1) the limited liability company has notice of the person's express will to withdraw as a
8336 member, but, if the person specified a withdrawal date later than the date the limited
8337 liability company had notice, on that later date;
- 8338 (2) an event stated in the operating agreement as causing the person's dissociation occurs;
- 8339 (3) the person's entire interest is transferred in a foreclosure sale under Subsection [
8340 ~~48-3a-503(6)~~] 16-20-503(6);
- 8341 (4) the person is expelled as a member [~~pursuant to~~] in accordance with the operating
8342 agreement;
- 8343 (5) the person is expelled as a member by the unanimous consent of the other members if:
- 8344 (a) it is unlawful to carry on the limited liability company's activities and affairs with the
8345 person as a member;
- 8346 (b) there has been a transfer of all the person's transferable interest in the limited liability
8347 company, other than:
- 8348 (i) a transfer for security purposes; or
- 8349 (ii) a charging order in effect under Section [~~48-3a-503~~] 16-20-503 which has not
8350 been foreclosed;
- 8351 (c) the person is a corporation, and:
- 8352 (i) the limited liability company notifies the person that [~~it~~] the person will be

expelled as a member because the person has filed a statement of dissolution or the equivalent, [its] the person's charter has been revoked, or [its] the person's right to conduct business has been suspended by the jurisdiction of [its] the person's incorporation; and

(ii) not later than 90 days after the notification the statement of dissolution or the equivalent has not been revoked or [its] the person's charter or right to conduct business has not been reinstated; or

(d) the person is an unincorporated entity that has been dissolved and whose business is being wound up;

(6) on application by the limited liability company or a member in a direct action under Section ~~[48-3a-801]~~ 16-20-801, the person is expelled as a member by judicial order because the person:

(a) has engaged or is engaging in wrongful conduct that has affected adversely and materially, or will affect adversely and materially, the limited liability company's activities and affairs;

(b) has committed willfully or persistently, or is committing willfully or persistently, a material breach of the operating agreement or a duty or obligation under Section ~~[48-3a-409]~~ 16-20-409; or

(c) has engaged or is engaging in conduct relating to the limited liability company's activities and affairs which makes it not reasonably practicable to carry on the activities and affairs with the person as a member;

(7) in the case of an individual:

(a) the individual dies; or

(b) in a member-managed limited liability company:

(i) a guardian or general conservator for the individual is appointed; or

(ii) a court orders that the individual has otherwise become incapable of performing the individual's duties as a member under this chapter or the operating agreement;

(8) in a member-managed limited liability company, the person:

(a) becomes a debtor in bankruptcy;

(b) executes an assignment for the benefit of creditors; or

(c) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the person or of all or substantially all the person's property;

(9) in the case of a person that is a testamentary or inter vivos trust or is acting as a member by virtue of being a trustee of such a trust, the trust's entire transferable interest in the

limited liability company is distributed;

(10) in the case of a person that is an estate or is acting as a member by virtue of being a personal representative of an estate, the estate's entire transferable interest in the limited liability company is distributed, but not merely by reason of substitution of a successor personal representative;

(11) in the case of a person that is not an individual, corporation, unincorporated entity, trust, or estate, the existence of the person terminates;

(12) the limited liability company participates in a merger under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, and:

(a) the limited liability company is not the surviving entity; or

(b) otherwise as a result of the merger, the person ceases to be a member;

(13) the limited liability company participates in an interest exchange under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Part 8, Interest Exchange, and, as a result of the interest exchange, the person ceases to be a member;

(14) the limited liability company participates in a conversion under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 9, Conversion;

(15) the limited liability company participates in a domestication under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 10, Domestication, and, as a result of the domestication, the person ceases to be a member; or

(16) the limited liability company dissolves and completes winding up.

Section 278. Section **16-20-603**, which is renumbered from Section 48-3a-603 is renumbered and amended to read:

[~~48-3a-603~~] 16-20-603 . Effect of dissociation.

(1) If a person is dissociated as a member:

(a) the person's right to participate as a member in the management and conduct of the company's activities and affairs terminates;

(b) if the limited liability company is member-managed, the person's duties and obligations under Section [~~48-3a-409~~] 16-20-409 as a member end with regard to matters arising and events occurring after the person's dissociation; and

(c) subject to Section [~~48-3a-504~~] 16-20-504 and [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, any transferable interest owned by the person in the person's capacity as a member immediately before dissociation as a member is owned by the person

8421 solely as a transferee.

8422 (2) A person's dissociation as a member does not of itself discharge the person from any
8423 debt, obligation, or other liability to the limited liability company or the other members
8424 which the person incurred while a member.

8425 Section 279. Section **16-20-701**, which is renumbered from Section 48-3a-701 is renumbered
8426 and amended to read:

8427 **Part 7. Dissolution and Winding Up**

8428 **[48-3a-701] 16-20-701 . Events causing dissolution.**

8429 A limited liability company is dissolved, and [its] the limited liability company's
8430 activities and affairs must be wound up, upon the occurrence of any of the following:

- 8431 (1) an event, circumstance, or date that the certificate of organization or operating
8432 agreement states causes dissolution;
- 8433 (2) the consent of all the members;
- 8434 (3) the passage of 90 consecutive days during which the limited liability company has no
8435 members unless:
- 8436 (a) consent to admit at least one specified person as a member is given by transferees
8437 owning the rights to receive a majority of distributions as transferees at the time the
8438 consent is to be effective; and
- 8439 (b) at least one person becomes a member in accordance with the consent;
- 8440 (4) upon a petition brought by a member, the entry of a court order dissolving the limited
8441 liability company on the grounds that:
- 8442 (a) the conduct of all or substantially all of the limited liability company's activities and
8443 affairs is unlawful; or
- 8444 (b) it is not reasonably practicable to carry on the limited liability company's activities
8445 and affairs in conformity with the certificate of organization and the operating
8446 agreement;
- 8447 (5) upon a petition brought by a member, the entry of a court order dissolving the limited
8448 liability company on the grounds that the managers or those members in control of the
8449 limited liability company:
- 8450 (a) have acted, are acting, or will act in a manner that is illegal or fraudulent; or
- 8451 (b) have acted, are acting, or will act in a manner that is oppressive and was, is, or will
8452 be directly harmful to the applicant; or
- 8453 (6) the signing and filing of a statement of administrative dissolution by the division under [
8454 Subsection 48-3a-708(3)] Section 16-1a-603.

8455 Section 280. Section **16-20-702**, which is renumbered from Section 48-3a-702 is renumbered
8456 and amended to read:

8457 **[48-3a-702] 16-20-702 . Election to purchase in lieu of dissolution.**

- 8458 (1)(a) In a proceeding under Subsection [48-3a-701(5)] 16-20-701(5) to dissolve a
8459 limited liability company, the limited liability company may elect or, if the limited
8460 liability company fails to elect, one or more members may elect to purchase the
8461 interest in the limited liability company owned by the applicant member at the fair
8462 market value of the interest, determined as provided in this section.
- 8463 (b) An election [~~pursuant to~~] in accordance with this Subsection (1) is irrevocable unless
8464 a court determines that it is equitable to set aside or modify the election.
- 8465 (2)(a) An election to purchase [~~pursuant to~~] in accordance with this section may be filed
8466 with a court at any time within 90 days after the filing of the petition in a proceeding
8467 under Subsection [48-3a-701(5)] 16-20-701(5) or at any later time as the court in the
8468 court's discretion may allow.
- 8469 (b) If the limited liability company files an election with a court within the 90-day
8470 period, or at any later time allowed by the court, to purchase the interest in the
8471 limited liability company owned by the applicant member, the limited liability
8472 company shall purchase the interest in the manner provided in this section.
- 8473 (3)(a) If the limited liability company does not file an election with a court within the
8474 time period, but an election to purchase the interest in the limited liability company
8475 owned by the applicant member is filed by one or more members within the time
8476 period, the limited liability company shall, within 10 days after the later of the end of
8477 the time period allowed for the filing of elections to purchase under this section or
8478 notification from the court of an election by members to purchase the interest in the
8479 limited liability company owned by the applicant member as provided in this section,
8480 give written notice of the election to purchase to all members of the limited liability
8481 company, other than the applicant member.
- 8482 (b) The notice shall state the name and the percentage interest in the limited liability
8483 company owned by the applicant member and the name and the percentage interest in
8484 the limited liability company owned by each electing member.
- 8485 (c) The notice shall advise any recipients who have not participated in the election of
8486 their right to join in the election to purchase the interest in the limited liability
8487 company in accordance with this section and of the date by which any notice of intent
8488 to participate must be filed with the court.

- (4) Members who wish to participate in the purchase of the interest in the limited liability company of the applicant member must file notice of their intention to join in the purchase by electing members no later than 30 days after the effective date of the limited liability company's notice of their right to join in the election to purchase.
- (5) All members who have filed with the court an election or notice of their intention to participate in the election to purchase the interest in the limited liability company of the applicant member thereby become irrevocably obligated to participate in the purchase of the interest from the applicant member upon the terms and conditions of this section, unless the court otherwise directs.
- (6) After an election has been filed by the limited liability company or one or more members, the proceedings under Subsection [~~48-3a-701(5)~~] 16-20-701(5) may not be discontinued or settled, nor may the applicant member sell or otherwise dispose of the applicant member's interest in the limited liability company, unless the court determines that it would be equitable to the limited liability company and the members, other than the applicant member, to permit any discontinuance, settlement, sale, or other disposition.
- (7) If, within 60 days after the earlier of the limited liability company filing of an election to purchase the interest in the limited liability company of the applicant member or the limited liability company's mailing of a notice to [its] the limited liability company's members of the filing of an election by the members to purchase the interest in the limited liability company of the applicant member, the applicant member and electing limited liability company or members reach agreement as to the fair market value and terms of the purchase of the applicant member's interest, the court shall enter an order directing the purchase of the applicant member's interest, upon the terms and conditions agreed to by the parties.
- (8) If the parties are unable to reach an agreement as provided for in Subsection (7), upon application of any party, the court shall stay the proceedings under Subsection [~~48-3a-701(5)~~] 16-20-701(5) and determine the fair market value of the applicant member's interest in the limited liability company as of the day before the date on which the petition under Subsection [~~48-3a-701(5)~~] 16-20-701(5) was filed or as of any other date the court determines to be appropriate under the circumstances and based on the factors the court determines to be appropriate.
- (9)(a) Upon determining the fair market value of the interest in the limited liability company of the applicant member, the court shall enter an order directing the

purchase of the interest in the limited liability company upon terms and conditions the court determines to be appropriate.

(b) The terms and conditions may include payment of the purchase price in installments, where necessary in the interest of equity, provision for security to assure payment of the purchase price and any additional costs, fees, and expenses awarded by the court, and an allocation of the interest in the limited liability company among members if the interest in the limited liability company is to be purchased by members.

(10)(a) In allocating the applicant member's interest in the limited liability company among holders of different classes of members, the court shall attempt to preserve the existing distribution of voting rights among member classes to the extent practicable.

(b) The court may direct that holders of a specific class or classes may not participate in the purchase.

(c) The court may not require any electing member to purchase more of the interest in the limited liability company owned by the applicant member than the percentage interest that the purchasing member may have set forth in the purchasing member's election or notice of intent to participate filed with the court.

(11)(a) Interest may be allowed at the rate and from the date determined by the court to be equitable.

(b) However, if the court finds that the refusal of the applicant member to accept an offer of payment was arbitrary or otherwise not in good faith, interest may not be allowed.

(12) If the court finds that the applicant member had probable ground for relief under Subsection ~~[48-3a-701(5)]~~ 16-20-701(5), the court may award to the applicant member reasonable fees and expenses of counsel and experts employed by the applicant member.

(13)(a) Upon entry of an order under Subsection (7) or (9), the court shall dismiss the petition to dissolve the limited liability company under Subsection ~~[48-3a-701(5)]~~ 16-20-701(5) and the applicant member shall no longer have any rights or status as a member of the limited liability company, except the right to receive the amounts awarded to the applicant member by the court.

(b) The award is enforceable in the same manner as any other judgment.

(14)(a) The purchase ordered ~~[pursuant to]~~ in accordance with Subsection (9) shall be made within 10 days after the date the order becomes final, unless before that time the limited liability company files with the court a notice of the limited liability company's intention to file a statement of dissolution.

(b) The statement of dissolution must then be adopted and filed within 60 days after

8557 notice.

8558 (15)(a) Upon filing of a statement of dissolution, the limited liability company is
8559 dissolved and shall be wound up ~~[pursuant to]~~ in accordance with Section ~~[48-3a-703]~~
8560 48-20-703, and the order entered ~~[pursuant to]~~ in accordance with Subsection (9) is no
8561 longer of any force or effect.

8562 (b) However, the court may award the applicant member reasonable fees and expenses
8563 in accordance with Subsection (12).

8564 (c) The applicant member may continue to pursue any claims previously asserted on
8565 behalf of the limited liability company.

8566 (16) Any payment by the limited liability company ~~[pursuant to]~~ in accordance with an
8567 order under Subsection (7) or (9), other than an award of fees and expenses ~~[pursuant to]~~
8568 in accordance with Subsection (12), is subject to the provisions of Sections ~~[48-3a-405]~~
8569 16-20-405 and ~~[48-3a-406]~~ 16-20-406.

8570 Section 281. Section **16-20-703**, which is renumbered from Section 48-3a-703 is renumbered
8571 and amended to read:

8572 **[48-3a-703] 16-20-703 . Winding up.**

8573 (1)(a) A dissolved limited liability company shall wind up the limited liability
8574 company's activities and affairs.

8575 (b) Except as otherwise provided in Section ~~[48-3a-704]~~ 16-20-704, the limited liability
8576 company only continues after dissolution for the purpose of winding up.

8577 (2) In winding up the limited liability company's activities and affairs, a limited liability
8578 company:

8579 (a) shall discharge the limited liability company's debts, obligations, and other liabilities,
8580 settle and close the limited liability company's activities and affairs, and marshal and
8581 distribute the assets of the limited liability company; and

8582 (b) may:

8583 (i) deliver to the division for filing a statement of dissolution stating the name of the
8584 limited liability company and that the limited liability company is dissolved;

8585 (ii) preserve the limited liability company activities, affairs, and property as a going
8586 concern for a reasonable time;

8587 (iii) prosecute and defend actions and proceedings, whether civil, criminal, or
8588 administrative;

8589 (iv) transfer the limited liability company's property;

8590 (v) settle disputes by mediation or arbitration;

- (vi) deliver to the division for filing a statement of termination stating the name of the limited liability company and that the limited liability company is terminated; and
- (vii) perform other acts necessary or appropriate to the winding up.
- (3)(a) If a dissolved limited liability company has no members, the legal representative of the last person to have been a member may wind up the activities and affairs of the limited liability company.
- (b) If the person does so, the person has the powers of a sole manager under Subsection [~~48-3a-407(3)~~ 16-20-407(3) and is deemed to be a manager for the purposes of Subsection [~~48-3a-304(1)~~ 16-20-304(1).
- (4)(a) If the legal representative under Subsection (3) declines or fails to wind up the limited liability company's activities and affairs, a person may be appointed to do so by the consent of transferees owning a majority of the rights to receive distributions as transferees at the time the consent is to be effective.
- (b) [–] A person appointed under this Subsection (4):
- [(a)] (i) has the powers of a sole manager under Subsection [~~48-3a-407(3)~~ 16-20-407(3) and is deemed to be a manager for the purposes of Subsection [~~48-3a-304(1)~~ 16-20-304(1); and
- [(b)] (ii) shall promptly deliver to the division for filing an amendment to the limited liability company's certificate of organization stating:
- [(i)] (A) that the limited liability company has no members;
- [(ii)] (B) the name and street and mailing addresses of the person; and
- [(iii)] (C) that the person has been appointed [~~pursuant to~~] in accordance with this subsection to wind up the limited liability company.
- (5) A court may order judicial supervision of the winding up of a dissolved limited liability company, including the appointment of a person to wind up the limited liability company's activities and affairs:
- (a) upon a petition by a member if the member establishes good cause;
- (b) upon a petition by a transferee if:
- (i) the company does not have any members;
- (ii) the legal representative of the last person to have been a member declines or fails to wind up the limited liability company's activities; and
- (iii) within a reasonable time following the dissolution a person has not been appointed [~~pursuant to~~] in accordance with Subsection (4); or
- (c) in connection with a proceeding under Subsection [~~48-3a-701(4)~~ 16-20-701(4) or (5).

Section 282. Section **16-20-704**, which is renumbered from Section 48-3a-704 is renumbered and amended to read:

[48-3a-704] 16-20-704 . Rescinding dissolution.

- (1) A limited liability company may rescind the limited liability company's dissolution, unless a statement of termination applicable to the limited liability company is effective, a court has entered an order under Subsection [48-3a-701(4)] 16-20-701(4) or (5) dissolving the limited liability company, or the division has dissolved the limited liability company under Section [48-3a-708] 16-1a-603.
- (2) Rescinding dissolution under this section requires:
 - (a) the consent of each member;
 - (b) if a statement of dissolution applicable to the limited liability company has been filed by the division but has not become effective, the delivery to the division for filing of a statement of withdrawal under Section [48-3a-207] 16-1a-205 applicable to the statement of dissolution; and
 - (c) if a statement of dissolution applicable to the limited liability company is effective, the delivery to the division for filing of a statement of correction under Section [48-3a-208] 16-1a-206 stating that dissolution has been rescinded under this section.
- (3) If a limited liability company rescinds [its] the limited liability company's dissolution:
 - (a) the limited liability company resumes carrying on [its] the limited liability company's activities and affairs as if dissolution had never occurred;
 - (b) subject to Subsection (3)(c), any liability incurred by the limited liability company after the dissolution and before the rescission is effective is determined as if dissolution had never occurred; and
 - (c) the rights of a third party arising out of conduct in reliance on the dissolution before the third party knew or had notice of the rescission may not be adversely affected.

Section 283. Section **16-20-705**, which is renumbered from Section 48-3a-705 is renumbered and amended to read:

[48-3a-705] 16-20-705 . Known claims against dissolved limited liability company.

- (1) A dissolved limited liability company in winding up may dispose of the known claims against it by following the procedures described in this section.
- (2)(a) A limited liability company in winding up, electing to dispose of known claims [pursuant to] in accordance with this section, may give written notice of the limited liability company's dissolution to known claimants at any time after the effective date of the dissolution.

(b) [-]The written notice must:

[(a)] (i) describe the information that must be included in a claim;

[(b)] (ii) provide an address to which written notice of any claim must be given to the limited liability company;

[(c)] (iii) state the deadline, which may not be fewer than 120 days after the effective date of the notice, by which the dissolved limited liability company must receive the claim; and

[(d)] (iv) state that, unless sooner barred by another state statute limiting actions, the claim will be barred if not received by the deadline.

(3) Unless sooner barred by another state statute limiting actions, a claim against the dissolved limited liability company is barred if:

(a) a claimant was given notice under Subsection (2) and the claim is not received by the dissolved limited liability company by the deadline; or

(b) the dissolved limited liability company delivers to the claimant written notice of rejection of the claim within 90 days after receipt of the claim and the claimant whose claim was rejected by the dissolved limited liability company does not commence a proceeding to enforce the claim within 90 days after the effective date of the rejection notice.

(4) Claims which are not rejected by the dissolved limited liability company in writing within 90 days after receipt of the claim by the dissolved limited liability company shall be considered approved.

(5) The failure of the dissolved limited liability company to give notice to any known claimant [~~pursuant to~~] in accordance with Subsection (2) does not affect the disposition under this section of any claim held by any other known claimant.

(6) This section does not apply to a claim based on an event occurring after the effective date of dissolution or a liability that on that date is contingent.

Section 284. Section **16-20-706**, which is renumbered from Section 48-3a-706 is renumbered and amended to read:

[48-3a-706] 16-20-706 . Other claims against dissolved limited liability company.

(1) A dissolved limited liability company may publish notice of [~~its~~] the dissolved limited liability company dissolution and request persons having claims against the limited liability company to present them in accordance with the notice.

(2) A notice under Subsection (1) must:

(a) be published at least once in a newspaper of general circulation in the county in this

state in which the dissolved limited liability company's principal office is located or, if the principal office is not located in this state, in the county in which the office of the limited liability company's registered agent is or was last located and in accordance with Section 45-1-101;

(b) describe the information required to be contained in a claim, state that the claim must be in writing, and provide a mailing address to which the claim is to be sent; and

(c) state that a claim against the limited liability company is barred unless an action to enforce the claim is commenced not later than three years after publication of the notice.

(3) If a dissolved limited liability company publishes a notice in accordance with Subsection (2), the claim of each of the following claimants is barred unless the claimant commences an action to enforce the claim against the limited liability company not later than three years after the publication date of the notice:

(a) a claimant that did not receive notice in a record under Section ~~[48-3a-705]~~ 16-20-705;

(b) a claimant whose claim was timely sent to the limited liability company but not acted on; and

(c) a claimant whose claim is contingent at, or based on an event occurring after, the effective date of dissolution.

(4) A claim not barred under this section or Section ~~[48-3a-705]~~ 16-20-705 may be enforced:

(a) against a dissolved limited liability company, to the extent of ~~[its]~~ the dissolved limited liability company's undistributed assets; and

(b) except as otherwise provided in Section ~~[48-3a-707]~~ 16-20-707, if assets of the limited liability company have been distributed after dissolution, against a member or transferee to the extent of that person's proportionate share of the claim or of the limited liability company's assets distributed to the member or transferee after dissolution, whichever is less, but a person's total liability for all claims under this subsection may not exceed the total amount of assets distributed to the person after dissolution.

Section 285. Section **16-20-707**, which is renumbered from Section 48-3a-707 is renumbered and amended to read:

[48-3a-707] 16-20-707 . Court proceedings.

(1)(a) A dissolved limited liability company that has published a notice under Section ~~[48-3a-706]~~ 16-20-706 may petition a court with jurisdiction under Title 78A, Judiciary and Judicial Administration, for a determination of the amount and form of

security to be provided for payment of claims that are contingent, have not been made known to the limited liability company, or are based on an event occurring after the effective date of dissolution but which, based on the facts known to the dissolved limited liability company, are reasonably expected to arise after the effective date of dissolution.

(b) Security is not required for any claim that is or is reasonably anticipated to be barred under Subsection [~~48-3a-706(3)~~] 16-20-706(3).

(2) No later than 10 days after the filing of an application under Subsection (1), the dissolved limited liability company shall give notice of the proceeding to each claimant holding a contingent claim known to the limited liability company.

(3)(a) In any proceeding under this section, the court may appoint a guardian ad litem to represent all claimants whose identities are unknown.

(b) The reasonable fees and expenses of the guardian, including all reasonable expert witness fees, must be paid by the dissolved limited liability company.

(4) A dissolved limited liability company that provides security in the amount and form ordered by the court under Subsection (1) satisfies the limited liability company's obligations with respect to claims that are contingent, have not been made known to the limited liability company, or are based on an event occurring after the effective date of dissolution, and such claims may not be enforced against a member or transferee that received assets in liquidation.

Section 286. Section **16-20-708**, which is renumbered from Section 48-3a-711 is renumbered and amended to read:

[~~48-3a-711~~] 16-20-708 . Disposition of assets in winding up.

(1) In winding up its activities and affairs, a limited liability company shall apply [its] the limited liability company's assets to discharge [its] the limited liability company's obligations to creditors, including members that are creditors.

(2) After a limited liability company complies with Subsection (1), any surplus must be distributed in the following order, subject to any charging order in effect under Section [~~48-3a-503~~] 16-20-503:

(a) to each person owning a transferable interest that reflects contributions made and not previously returned, an amount equal to the value of the unreturned contributions; and

(b) in equal shares among members and dissociated members, except to the extent necessary to comply with any transfer effective under Section [~~48-3a-502~~] 16-20-502.

(3) If a limited liability company does not have sufficient surplus to comply with

8761 Subsection (2)(a), any surplus must be distributed among the owners of transferable
8762 interests in proportion to the value of the respective unreturned contributions.

8763 (4) All distributions made under Subsections (2) and (3) must be paid in money.

8764 Section 287. Section **16-20-801**, which is renumbered from Section 48-3a-801 is renumbered
8765 and amended to read:

8766 **Part 8. Action by Members**

8767 **[48-3a-801] 16-20-801 . Direct action by member.**

8768 (1) Subject to Subsection (2), a member may maintain a direct action against another
8769 member, a manager, or the limited liability company to enforce the member's rights and
8770 otherwise protect the member's interests, including rights and interests under the
8771 operating agreement or this chapter or arising independently of the membership
8772 relationship.

8773 (2) A member maintaining a direct action under this section must plead and prove an actual
8774 or threatened injury that is not solely the result of an injury suffered or threatened to be
8775 suffered by the limited liability company.

8776 Section 288. Section **16-20-802**, which is renumbered from Section 48-3a-802 is renumbered
8777 and amended to read:

8778 **[48-3a-802] 16-20-802 . Derivative action.**

8779 A member may maintain a derivative action to enforce a right of a limited liability
8780 company if:

8781 (1) the member first makes a demand on the other members in a member-managed limited
8782 liability company, or the managers of a manager-managed limited liability company,
8783 requesting that they cause the limited liability company to bring an action to enforce the
8784 right, and the managers or other members do not bring the action within a reasonable
8785 time; or

8786 (2) a demand under Subsection (1) would be futile.

8787 Section 289. Section **16-20-803**, which is renumbered from Section 48-3a-803 is renumbered
8788 and amended to read:

8789 **[48-3a-803] 16-20-803 . Proper plaintiff.**

8790 A derivative action to enforce a right of a limited liability company may be maintained
8791 only by a person that is a member at the time the action is commenced and:

8792 (1) was a member when the conduct giving rise to the action occurred; or
8793 (2) whose status as a member devolved on the person by operation of law or ~~[pursuant to]~~ in
8794 accordance with the terms of the operating agreement from a person that was a member

8795 at the time of the conduct.

8796 Section 290. Section **16-20-804**, which is renumbered from Section 48-3a-804 is renumbered
8797 and amended to read:

8798 **[48-3a-804] 16-20-804 . Pleading.**

8799 In a derivative action, the complaint must state with particularity:

- 8800 (1) the date and content of plaintiff's demand and the response by the managers or other
8801 members to the demand; or
8802 (2) why the demand should be excused as futile.

8803 Section 291. Section **16-20-805**, which is renumbered from Section 48-3a-805 is renumbered
8804 and amended to read:

8805 **[48-3a-805] 16-20-805 . Special litigation committee.**

8806 (1)(a) If a limited liability company is named as or made a party in a derivative
8807 proceeding, the limited liability company may appoint a special litigation committee
8808 to investigate the claims asserted in the proceeding and determine whether pursuing
8809 the action is in the best interests of the limited liability company.

8810 (b) [-]If the limited liability company appoints a special litigation committee, on motion
8811 by the committee made in the name of the limited liability company, except for good
8812 cause shown, the court shall stay discovery for the time reasonably necessary to
8813 permit the committee to make its investigation.

8814 (c) [-]This Subsection (1) does not prevent the court from:

8815 [(a)] (i) enforcing a person's right to information under Section [48-3a-410] 16-20-410;
8816 or

8817 [(b)] (ii) granting extraordinary relief in the form of a temporary restraining order or
8818 preliminary injunction upon a showing of good cause.

8819 (2) A special litigation committee must be composed of one or more disinterested and
8820 independent individuals, who may be members.

8821 (3) A special litigation committee may be appointed:

8822 (a) in a member-managed limited liability company:

8823 (i) by the consent of a majority of the members not named as parties in the
8824 proceeding; and

8825 (ii) if all members are named as parties in the proceeding, by a majority of the
8826 members named as defendants; or

8827 (b) in a manager-managed limited liability company:

8828 (i) by a majority of the managers not named as parties in the proceeding; and

8829 (ii) if all managers are named as parties in the proceeding, by a majority of the
8830 managers named as defendants.

8831 (4) After appropriate investigation, a special litigation committee may determine that it is in
8832 the best interests of the limited liability company that the proceeding:

8833 (a) continue under the control of the plaintiff;

8834 (b) continue under the control of the committee;

8835 (c) be settled on terms approved by the committee; or

8836 (d) be dismissed.

8837 (5)(a) After making a determination under Subsection (4), a special litigation committee
8838 shall file with the court a statement of its determination and its report supporting its
8839 determination and shall serve each party with a copy of the determination and report.

8840 (b) [-]The court shall determine whether the members of the committee were
8841 disinterested and independent and whether the committee conducted [its] the
8842 committee's investigation and made [its] the committee's recommendation in good
8843 faith, independently, and with reasonable care, with the committee having the burden
8844 of proof.

8845 (c) [-]If the court finds that the members of the committee were disinterested and
8846 independent and that the committee acted in good faith, independently, and with
8847 reasonable care, the court shall enforce the determination of the committee.

8848 (d) [-]Otherwise, the court shall dissolve the stay of discovery entered under Subsection
8849 (1) and allow the action to continue under the control of the plaintiff.

8850 Section 292. Section **16-20-806**, which is renumbered from Section 48-3a-806 is renumbered
8851 and amended to read:

8852 **[48-3a-806] 16-20-806 . Proceeds and expenses.**

8853 (1) Except as otherwise provided in Subsection (2):

8854 (a) any proceeds or other benefits of a derivative action, whether by judgment,
8855 compromise, or settlement, belong to the limited liability company and not to the
8856 plaintiff; and

8857 (b) if the plaintiff receives any proceeds, the plaintiff shall remit them immediately to
8858 the limited liability company.

8859 (2) If a derivative action is successful in whole or in part, the court may award the plaintiff
8860 reasonable expenses, including reasonable attorney's fees and costs, from the recovery of
8861 the limited liability company.

8862 (3) A derivative action on behalf of a limited liability company may not be voluntarily

dismissed or settled without the court's approval.

Section 293. Section **16-20-901**, which is renumbered from Section 48-3a-911 is renumbered and amended to read:

Part 9. Foreign Limited Liability Companies

[48-3a-911] 16-20-901 . Withdrawal of registration of registered foreign limited liability company.

(1)(a) A registered foreign limited liability company may withdraw [its] the registered foreign limited liability company's registration by delivering a statement of withdrawal to the division for filing.

(b) [-]The statement of withdrawal must state:

[(a)] (i) the name of the foreign limited liability company and [its] the foreign limited liability company's jurisdiction of formation;

[(b)] (ii) that the foreign limited liability company is not doing business in this state and that [it] the foreign limited liability company withdraws [its] the foreign limited liability company's registration to do business in this state;

[(c)] (iii) that the foreign limited liability company revokes the authority of [its] the foreign limited liability company's registered agent to accept service on [its] the foreign limited liability company's behalf in this state; and

[(d)] (iv) an address to which service of process may be made under Subsection (2).

(2) After the withdrawal of the registration of a foreign limited liability company, service of process in any action or proceeding based on a cause of action arising during the time the foreign limited liability company was registered to do business in this state may be made ~~[pursuant to]~~ in accordance with [Subsection 16-17-301(2)] Section 16-1a-412.

Section 294. Section **16-20-902**, which is renumbered from Section 48-3a-912 is renumbered and amended to read:

[48-3a-912] 16-20-902 . Action by attorney general.

The attorney general may maintain an action to enjoin a foreign limited liability company from doing business in this state in violation of this part.

Section 295. Section **16-21-104** is enacted to read:

16-21-104 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 296. Section **16-22-110** is enacted to read:

16-22-110 . Provisions Applicable to All Business Entities applicable.

Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of this chapter.

Section 297. Section **42-2-101** is enacted to read:

CHAPTER 2. Conducting Business as a D.B.A.

Part 1. General Provisions

42-2-101 . Definitions.

As used in this chapter:

- (1) "D.B.A." means a person that carries on, conducts, or transacts business in this state using a name that is different from the legal name of the person.
- (2) "D.B.A. certificate" means a typed, physical document a D.B.A. files with the division that:
 - (a) states the name and principal address under which the D.B.A. does business or will carry out, conduct, or transact business;
 - (b) states the true name and street address of each person that owns the D.B.A.; and
 - (c) the person or authorized representative of the D.B.A. that registers the D.B.A. with the division signs.
- (3) "D.B.A. name" means the name a D.B.A. uses when carrying on, conducting, or transacting business in this state that is different from the legal name of the person.
- (4) "Director" means the director of the division appointed under Section 16-1a-103.
- (5) "Division" means the Division of Corporations and Commercial Code established in Section 13-1a-102.
- (6) "True name" means the legal name of a person.

Section 298. Section **42-2-102** is enacted to read:

42-2-102 . Governing law.

A D.B.A. is governed by:

- (1) this chapter; and
- (2) for a provision on which this chapter is silent, Title 16, Chapter 1a, Provisions Applicable to All Business Entities.

Section 299. Section **42-2-103**, which is renumbered from Section 42-2-7 is renumbered and amended to read:

[42-2-7] 42-2-103 . Recordkeeping-- Fees -- Evidence.

- (1) The [~~Division of Corporations and Commercial Code~~] division shall:
 - (a) keep [~~an active alphabetical index of all persons filing the certificates provided for in~~]

8930 a record of each D.B.A. registered under this chapter; and

8931 (b) collect the required [~~indexing and~~] filing fees.

8932 (2) A copy of [~~any such~~] each certificate [~~certified by~~] the [~~Division of Corporations and~~

8933 ~~Commercial Code shall be~~] division certifies is presumptive evidence of the facts

8934 contained in the certificate.

8935 Section 300. Section **42-2-104**, which is renumbered from Section 42-2-9 is renumbered

8936 and amended to read:

8937 **[42-2-9] 42-2-104 . Corporate names, limited liability company names, and**

8938 **trademark, service mark, and trade name rights not affected.**

8939 (1) This chapter does not affect or apply to [~~any~~] a corporation organized under the laws of

8940 any state if [~~it~~] the corporation does business under [~~its~~] the corporation's true [~~corporate~~]

8941 name.

8942 (2)(a) This chapter does not affect the statutory or common law trademark, service mark,

8943 or trade name rights granted by state or federal statute.

8944 (b) An act listed in Subsection (2)(c) of itself does not authorize the use in this state of [

8945 ~~an assumed name~~] a D.B.A. in violation of the rights of another as established under:

8946 (i) this chapter;

8947 (ii) Title 70, Chapter 3a, Registration and Protection of Trademarks and Service

8948 Marks Act;

8949 (iii) the state law relating to names of corporations, partnerships, and other legal

8950 business entities;

8951 (iv) the federal Trademark Act of 1946, 15 U.S.C. Section 1051 et seq.; or

8952 (v) the common law, including rights in a trade name.

8953 (c) Subsection (2)(b) applies to:

8954 (i) a filing under this chapter;

8955 (ii) an approval by the [~~Division of Corporations and Commercial Code pursuant to~~]

8956 division in accordance with this chapter; or

8957 (iii) the use of [~~an assumed name~~] a D.B.A. name.

8958 (3) This chapter does not affect or apply to any limited liability company doing business in

8959 this state under [~~its~~] the limited liability company's true name.

8960 Section 301. Section **42-2-105**, which is renumbered from Section 42-2-6.6 is renumbered

8961 and amended to read:

8962 **[42-2-6.6] 42-2-105 . D.B.A. name.**

8963 (1) [~~The assumed~~] A D.B.A. name:

- 8964 (a) may not contain:
- 8965 (i) a word or phrase that indicates or implies that the business is organized for a
- 8966 purpose other than a purpose contained in the business's application;[-or]
- 8967 (ii) for ~~[an assumed]~~ a D.B.A. name that is changed or approved on or after May 4,
- 8968 2022, the number sequence "911";
- 8969 (iii) without the consent of the Department of Financial Institutions, the words
- 8970 described in Section 7-1-701;
- 8971 (iv) the term or abbreviation:
- 8972 (A) "limited liability company";
- 8973 (B) "LLC"; or
- 8974 (C) "L.L.C."; or
- 8975 (v) a term or abbreviation that is of similar import to a term or abbreviation described
- 8976 in Subsection (1)(a)(iv);
- 8977 (b) shall be distinguishable from ~~[any]~~ a registered name or trademark of record in the
- 8978 offices of the ~~[Division of Corporations and Commercial Code]~~ division,~~[-as defined~~
- 8979 ~~in Subsection 16-10a-401(5),]~~ in accordance with Section 16-1a-302 except as [
- 8980 authorized by] the ~~[Division of Corporations and Commercial Code]~~ division
- 8981 authorizes under Subsection (2);
- 8982 (c) without the written consent of the United States Olympic Committee, may not
- 8983 contain the words:
- 8984 (i) "Olympic";
- 8985 (ii) "Olympiad"; or
- 8986 (iii) "Citius Altius Fortius"; and
- 8987 (d) ~~[an assumed name]~~ a D.B.A. authorized for use in this state on or after May 1, 2000,
- 8988 may not contain the words:
- 8989 (i) "incorporated";
- 8990 (ii) "inc."; or
- 8991 (iii) a variation of "incorporated" or "inc."
- 8992 ~~[(2) Notwithstanding Subsection (1)(d), an assumed name may contain a word listed in~~
- 8993 ~~Subsection (1)(d) if the Division of Corporations and Commercial Code authorizes the~~
- 8994 ~~use of the name by a corporation as defined in:]~~
- 8995 ~~[(a) Subsection 16-6a-102(27);]~~
- 8996 ~~[(b) Subsection 16-6a-102(36);]~~
- 8997 ~~[(c) Subsection 16-10a-102(11); or]~~

8998 ~~[(d) Subsection 16-10a-102(20):]~~
8999 ~~[(3)]~~ (2) The ~~[Division of Corporations and Commercial Code]~~ division shall authorize ~~[the]~~
9000 an applicant's use of the D.B.A. name ~~[applied for]~~ if:
9001 (a) the name is distinguishable from one or more of the names and trademarks ~~[that are]~~
9002 on the division's records; or
9003 (b) the applicant delivers to the division a certified copy of the final judgment of a court [
9004 ~~of competent]~~ with jurisdiction establishing the applicant's right to use the D.B.A.
9005 name ~~[applied for]~~ in this state.
9006 ~~[(4)]~~ (3) ~~[The assumed]~~ When the division records the name of a D.B.A., the division shall
9007 translate into English or transliterate into letters of the English alphabet the D.B.A. name,
9008 ~~for purposes of recordation, shall be either translated into English or transliterated into~~
9009 ~~letters of the English alphabet]~~ if the ~~[assumed]~~ D.B.A. name is not in English.
9010 ~~[(5)]~~ (4) The ~~[Division of Corporations and Commercial Code]~~ division may not approve an
9011 application for ~~[an assumed]~~ a D.B.A. name to a person ~~[violating]~~ that violates this
9012 section.
9013 ~~[(6)]~~ (5) The director ~~[of the Division of Corporations and Commercial Code]~~ shall have the
9014 power and authority reasonably necessary to] shall:
9015 (a) interpret and efficiently administer this section; and
9016 (b) ~~[to]~~ perform the duties imposed on the division by this section.
9017 ~~[(7)]~~ (6) ~~[A]~~ The division may not approve for filing a D.B.A. name that implies by a word
9018 in the name that the business is an agency of the state or a political subdivision of the
9019 state, if the business is not [actually such a legally established agency, may not be
9020 approved for filing by the Division of Corporations and Commercial Code] an agency of
9021 the state or a political subdivision of the state.
9022 ~~[(8)]~~ (7) Section 16-10a-403 applies to this chapter.
9023 ~~[(9)]~~ (8)(a) The requirements of Subsection (1)(d) do not apply to a person ~~[who]~~ that
9024 filed a certificate of assumed and of true name with the [Division of Corporations and
9025 Commercial Code] division on or before May 4, 1998, until December 31, 1998.
9026 (b) On or after January 1, 1999, a person ~~[who]~~ that carries on, conducts, or transacts
9027 business in this state under ~~[an assumed name]~~ a D.B.A. shall comply with the
9028 requirements of Subsection (1)(d).

9029 Section 302. Section **42-2-201** is enacted to read:

9030 **Part 2. Registration, Filings, and Penalties**

9031 **42-2-201 . Registration as a D.B.A.**

- 9032 (1) To register as a D.B.A., a person shall:
- 9033 (a) file a D.B.A. certificate with the division no later than 30 days after the day on which
- 9034 the entity begins to carry out, conduct, or transact the entity's business; and
- 9035 (b) designate and maintain a registered agent in this state in accordance with Title 16,
- 9036 Chapter 1a, Part 4, Registered Agent of an Entity.
- 9037 (2) To register a general partnership as a D.B.A.:
- 9038 (a) if the general partnership is not registered with the division, the general partnership's
- 9039 partners shall each register as a D.B.A. in accordance with Subsection (1); and
- 9040 (b) if the general partnership is registered with the division, the general partnership shall
- 9041 register as a D.B.A. in accordance with Subsection (1).
- 9042 (3) A person filing a D.B.A. certificate in accordance with Subsection (1) shall include in a
- 9043 conspicuous place on the face of the D.B.A. certificate a notice that states: NOTICE -
- 9044 THE FILING OF THIS APPLICATION AND THIS APPLICATION'S APPROVAL
- 9045 BY THE DIVISION OF CORPORATIONS AND COMMERCIAL CODE DOES NOT
- 9046 AUTHORIZE THE USE IN THE STATE OF UTAH OF AN ASSUMED NAME IN
- 9047 VIOLATION OF THE RIGHTS OF ANOTHER FEDERAL STATUTE, STATE
- 9048 STATUTE, OR COMMON LAW. (SEE UTAH CODE ANN. 42-2-201).
- 9049 (4) A registration statement filed in accordance with Subsection (1) is considered effective
- 9050 on the day on which the division:
- 9051 (a) receives and approves, as to form, the registration statement; and
- 9052 (b) marks on the face of the registration statement a stamp or seal that indicates:
- 9053 (i) the time and date of approval;
- 9054 (ii) the name of the division; and
- 9055 (iii)(A) the director's signature and division seal; or
- 9056 (B) a facsimile of the director's signature and division seal.
- 9057 Section 303. Section **42-2-202** is enacted to read:
- 9058 **42-2-202 . Amending a D.B.A. certificate.**
- 9059 (1) A D.B.A. may amend a D.B.A. certificate only while the D.B.A. is actively registered
- 9060 with the division as a D.B.A.
- 9061 (2) A D.B.A. may not amend an expired or canceled D.B.A. certificate.
- 9062 (3) A D.B.A. may amend any information contained in the D.B.A. certificate.
- 9063 (4) To amend a D.B.A. certificate, a D.B.A. shall file with the division an amendment that
- 9064 states:
- 9065 (a) the D.B.A. name; and

(b) the requested changes to the D.B.A. certificate.

- (5) The person or authorized representative of the D.B.A. shall sign the amendment described in Subsection (4).

Section 304. Section **42-2-203** is enacted to read:

42-2-203 . Transfer of ownership of a D.B.A.

- (1) A D.B.A. may transfer ownership only while the D.B.A. is actively registered with the division as a D.B.A.

- (2) To transfer ownership of a D.B.A., the D.B.A. shall file a letter of transfer with the division that states:

- (a) the D.B.A. name;
- (b) the true name and address of each current owner of the D.B.A.;
- (c) the true name and address of each new owner of the D.B.A.; and
- (d) the principal address of the D.B.A.'s place of business.

- (3) Except as otherwise provided in Section 16-1a-302, each current owner and each new owner shall sign the letter of transfer described in Subsection (2).

Section 305. Section **42-2-204** is enacted to read:

42-2-204 . Expiration, renewal, and cancellation of registration.

- (1)(a) A D.B.A registration is effective for three years after the day on which a person registers as a D.B.A.

- (b) If a D.B.A. does not renew a D.B.A. registration before the end of the period described in Subsection (1), the division shall send notice to the D.B.A.'s registered agent that the registration is expired.

- (c) If the D.B.A. does not renew the D.B.A. registration within 30 days after the day on which the division sends the notice described in Subsection (1)(b):

- (i) the D.B.A. registration is permanently expired; and
- (ii) a person may immediately claim the D.B.A.'s name.

- (2) A D.B.A. may renew a D.B.A. registration by filing a statement of renewal that an authorized representative of the D.B.A. signs.

- (3)(a) A D.B.A. may update information contained in the D.B.A. certificate when renewing a D.B.A. registration.

- (b) An update to a D.B.A. registration that a D.B.A. makes during renewal is considered an amendment.

- (c) A D.B.A. shall comply with the requirements of Section 42-2-202 when making an update in accordance with this Subsection (3).

9100 (4) To cancel an active D.B.A. registration, the D.B.A. shall file a letter of cancellation with
9101 the division that:

9102 (a) states:

9103 (i) the D.B.A. name;

9104 (ii) the effective date of the cancellation;

9105 (iii) the mailing address for service of process after the cancellation; and

9106 (b) an authorized representative of the D.B.A. signs.

9107 Section 306. Section **42-2-205** is enacted to read:

9108 **42-2-205 . Penalties.**

9109 (1) A person that carries on, conducts, or transacts business as a D.B.A. without complying
9110 with the provisions of this chapter may not bring an action in a court of this state as a
9111 D.B.A. until the person complies with the provisions of this chapter.

9112 (2) The director may impose a late filing fee that the director determines in an amount not
9113 to exceed three times the fee described in Section 42-2-103 in accordance with Section
9114 63J-1-504.

9115 Section 307. **Repealer.**

9116 This bill repeals:

9117 Section **16-6a-105, Filing requirements.**

9118 Section **16-6a-106, Forms.**

9119 Section **16-6a-108, Effective time and date of filed documents.**

9120 Section **16-6a-109, Correcting filed documents.**

9121 Section **16-6a-110, Filing duty of division.**

9122 Section **16-6a-401, Corporate name.**

9123 Section **16-6a-402, Reserved name.**

9124 Section **16-6a-1101, Merger.**

9125 Section **16-6a-1102, Action on plan of merger.**

9126 Section **16-6a-1103, Articles of merger.**

9127 Section **16-6a-1104, Effect of merger.**

9128 Section **16-6a-1105, Merger with foreign nonprofit corporation.**

9129 Section **16-7-13, Merger and consolidation.**

9130 Section **16-10a-120, Filing requirements.**

9131 Section **16-10a-121, Forms.**

9132 Section **16-10a-123, Effective time and date of filed documents.**

9133 Section **16-10a-124, Correcting filed documents.**

9134 Section **16-10a-125, Filing duty of division.**
9135 Section **16-10a-126, Petition for review of division's refusal to file document.**
9136 Section **16-10a-401, Corporate name.**
9137 Section **16-10a-402, Reserved name.**
9138 Section **16-10a-1101, Merger.**
9139 Section **16-10a-1102, Share exchange.**
9140 Section **16-10a-1106, Effect of merger or share exchange.**
9141 Section **16-10a-1107, Merger or share exchange with foreign corporations.**
9142 Section **16-11-16, Corporate name.**
9143 Section **16-15-103, Name.**
9144 Section **16-15-105, Filing of certificate -- Fees.**
9145 Section **16-15-109, Registered agent.**
9146 Section **16-16-111, Name.**
9147 Section **16-16-112, Reservation of name.**
9148 Section **16-16-201, Signing of records delivered for filing to division.**
9149 Section **16-16-203, Delivery to and filing of records by division -- Effective time and**
9150 **date.**
9151 Section **16-16-207, Annual report for division.**
9152 Section **16-16-208, Filing fees.**
9153 Section **16-16-1601, Definitions.**
9154 Section **16-16-1602, Conversion.**
9155 Section **16-16-1603, Action on plan of conversion by converting limited cooperative**
9156 **association.**
9157 Section **16-16-1604, Filings required for conversion -- Effective date.**
9158 Section **16-16-1605, Effect of conversion.**
9159 Section **16-16-1606, Merger.**
9160 Section **16-16-1607, Notice and action on plan of merger by constituent limited**
9161 **cooperative association.**
9162 Section **16-16-1608, Approval or abandonment of merger by members.**
9163 Section **16-16-1609, Filings required for merger -- Effective date.**
9164 Section **16-16-1610, Effect of merger.**
9165 Section **16-16-1611, Consolidation.**
9166 Section **16-16-1612, Part not exclusive.**
9167 Section **16-17-101, Title.**

9168 Section **16-17-102, Definitions.**
9169 Section **16-17-201, Fees.**
9170 Section **16-17-202, Addresses in filings.**
9171 Section **16-17-203, Appointment of registered agent.**
9172 Section **16-17-204, Listing of commercial registered agent.**
9173 Section **16-17-205, Termination of listing of commercial registered agent.**
9174 Section **16-17-206, Change of registered agent by entity.**
9175 Section **16-17-207, Change of name or address by noncommercial registered agent.**
9176 Section **16-17-208, Change of name, address, or type of organization by commercial**
9177 **registered agent.**
9178 Section **16-17-209, Resignation of registered agent.**
9179 Section **16-17-210, Appointment of agent by nonfiling or nonqualified foreign entity.**
9180 Section **16-17-301, Service of process on entities.**
9181 Section **16-17-302, Duties of registered agent.**
9182 Section **16-17-401, Jurisdiction and venue.**
9183 Section **16-17-402, Consistency of application.**
9184 Section **16-17-403, Relation to Electronic Signatures in Global and National Commerce**
9185 **Act.**
9186 Section **16-17-404, Savings clause.**
9187 Section **42-2-5, Certificate of assumed and of true name -- Contents -- Execution --**
9188 **Filing -- Notice.**
9189 Section **42-2-6, Change in persons transacting business under assumed name.**
9190 Section **42-2-8, Expiration of filing -- Notice -- Removal from active index.**
9191 Section **42-2-10, Penalties.**
9192 Section **48-1c-101, Title.**
9193 Section **48-1d-101, Title.**
9194 Section **48-1d-109, Delivery of record.**
9195 Section **48-1d-110, Signing of records to be delivered for filing to division.**
9196 Section **48-1d-111, Signing and filing pursuant to judicial order.**
9197 Section **48-1d-112, Filing requirements.**
9198 Section **48-1d-113, Effective time and date.**
9199 Section **48-1d-114, Withdrawal of filed record before effectiveness.**
9200 Section **48-1d-115, Correcting filed record.**
9201 Section **48-1d-116, Duty of division to file -- Review of refusal to file -- Transmission of**

9202 **information by division.**

9203 Section **48-1d-117, Liability for inaccurate information in filed record.**

9204 Section **48-1d-1001, Definitions.**

9205 Section **48-1d-1002, Relationship of part to other laws.**

9206 Section **48-1d-1003, Required notice or approval.**

9207 Section **48-1d-1004, Status of filings.**

9208 Section **48-1d-1005, Nonexclusivity.**

9209 Section **48-1d-1006, Reference to external facts.**

9210 Section **48-1d-1007, Alternative means of approval of transactions.**

9211 Section **48-1d-1008, Appraisal rights.**

9212 Section **48-1d-1021, Merger authorized.**

9213 Section **48-1d-1022, Plan of merger.**

9214 Section **48-1d-1023, Approval of merger.**

9215 Section **48-1d-1024, Amendment or abandonment of plan of merger.**

9216 Section **48-1d-1025, Statement of merger.**

9217 Section **48-1d-1026, Effect of merger.**

9218 Section **48-1d-1031, Interest exchange authorized.**

9219 Section **48-1d-1032, Plan of interest exchange.**

9220 Section **48-1d-1033, Approval of interest exchange.**

9221 Section **48-1d-1034, Amendment or abandonment of plan of interest exchange.**

9222 Section **48-1d-1035, Statement of interest exchange.**

9223 Section **48-1d-1036, Effect of interest exchange.**

9224 Section **48-1d-1041, Conversion authorized.**

9225 Section **48-1d-1042, Plan of conversion.**

9226 Section **48-1d-1043, Approval of conversion.**

9227 Section **48-1d-1044, Amendment or abandonment of plan of conversion.**

9228 Section **48-1d-1045, Statement of conversion.**

9229 Section **48-1d-1046, Effect of conversion.**

9230 Section **48-1d-1051, Domestication authorized.**

9231 Section **48-1d-1052, Plan of domestication.**

9232 Section **48-1d-1053, Approval of domestication.**

9233 Section **48-1d-1054, Amendment or abandonment of plan of domestication.**

9234 Section **48-1d-1055, Statement of domestication.**

9235 Section **48-1d-1056, Effect of domestication.**

- 9236 Section **48-1d-1105, Permitted names.**
- 9237 Section **48-1d-1106, Reservation of name.**
- 9238 Section **48-1d-1107, Registration of name.**
- 9239 Section **48-1d-1108, Registered agent.**
- 9240 Section **48-1d-1109, Annual report for division.**
- 9241 Section **48-1d-1201, Governing law.**
- 9242 Section **48-1d-1202, Registration to do business in this state.**
- 9243 Section **48-1d-1203, Foreign registration statement.**
- 9244 Section **48-1d-1204, Amendment of foreign registration statement.**
- 9245 Section **48-1d-1205, Activities not constituting doing business.**
- 9246 Section **48-1d-1206, Noncomplying name of foreign limited liability partnership.**
- 9247 Section **48-1d-1207, Withdrawal deemed on conversion to domestic filing entity or**
- 9248 **domestic limited liability partnership.**
- 9249 Section **48-1d-1208, Withdrawal on dissolution or conversion to nonfiling entity other**
- 9250 **than limited liability partnership.**
- 9251 Section **48-1d-1209, Transfer of registration.**
- 9252 Section **48-1d-1210, Termination of registration.**
- 9253 Section **48-1d-1303, Name limitations.**
- 9254 Section **48-2e-108, Permitted names.**
- 9255 Section **48-2e-109, Reservation of name.**
- 9256 Section **48-2e-110, Registration of name.**
- 9257 Section **48-2e-111, Registered agent.**
- 9258 Section **48-2e-203, Signing of records to be delivered for filing to division.**
- 9259 Section **48-2e-204, Signing and filing pursuant to judicial order.**
- 9260 Section **48-2e-205, Filing requirements.**
- 9261 Section **48-2e-206, Effective time and date.**
- 9262 Section **48-2e-207, Withdrawal of filed record before effectiveness.**
- 9263 Section **48-2e-208, Correcting filed record.**
- 9264 Section **48-2e-209, Duty of division to file -- Review of refusal to file -- Transmission of**
- 9265 **information by the division.**
- 9266 Section **48-2e-210, Liability for inaccurate information in filed record.**
- 9267 Section **48-2e-211, Certificate of existence or registration.**
- 9268 Section **48-2e-212, Annual report for division.**
- 9269 Section **48-2e-811, Reinstatement.**

9270 Section **48-2e-812, Judicial review of denial of reinstatement.**
9271 Section **48-2e-901, Governing law.**
9272 Section **48-2e-902, Registration to do business in this state.**
9273 Section **48-2e-903, Foreign registration statement.**
9274 Section **48-2e-904, Amendment of foreign registration.**
9275 Section **48-2e-905, Activities not constituting doing business.**
9276 Section **48-2e-906, Noncomplying name of foreign limited partnership.**
9277 Section **48-2e-907, Withdrawal deemed on conversion to domestic filing entity or**
9278 **domestic limited liability partnership.**
9279 Section **48-2e-908, Withdrawal on dissolution or conversion to nonfiling entity other**
9280 **than limited liability partnership.**
9281 Section **48-2e-909, Transfer of registration.**
9282 Section **48-2e-910, Termination of registration.**
9283 Section **48-2e-1101, Definitions.**
9284 Section **48-2e-1102, Relationship of part to other laws.**
9285 Section **48-2e-1103, Required notice or approval.**
9286 Section **48-2e-1104, Status of filings.**
9287 Section **48-2e-1105, Nonexclusivity.**
9288 Section **48-2e-1106, Reference to external facts.**
9289 Section **48-2e-1107, Alternative means of approval of transactions.**
9290 Section **48-2e-1108, Appraisal rights.**
9291 Section **48-2e-1121, Merger authorized.**
9292 Section **48-2e-1122, Plan of merger.**
9293 Section **48-2e-1123, Approval of merger.**
9294 Section **48-2e-1124, Amendment or abandonment of plan of merger.**
9295 Section **48-2e-1125, Statement of merger.**
9296 Section **48-2e-1126, Effect of merger.**
9297 Section **48-2e-1131, Interest exchange authorized.**
9298 Section **48-2e-1132, Plan of interest exchange.**
9299 Section **48-2e-1133, Approval of interest exchange.**
9300 Section **48-2e-1134, Amendment or abandonment of plan of interest exchange.**
9301 Section **48-2e-1135, Statement of interest exchange.**
9302 Section **48-2e-1136, Effect of interest exchange.**
9303 Section **48-2e-1141, Conversion authorized.**

- 9304 Section **48-2e-1142, Plan of conversion.**
- 9305 Section **48-2e-1143, Approval of conversion.**
- 9306 Section **48-2e-1144, Amendment or abandonment of plan of conversion.**
- 9307 Section **48-2e-1145, Statement of conversion.**
- 9308 Section **48-2e-1146, Effect of conversion.**
- 9309 Section **48-2e-1151, Domestication authorized.**
- 9310 Section **48-2e-1152, Plan of domestication.**
- 9311 Section **48-2e-1153, Approval of domestication.**
- 9312 Section **48-2e-1154, Amendment or abandonment of plan of domestication.**
- 9313 Section **48-2e-1155, Statement of domestication.**
- 9314 Section **48-2e-1156, Effect of domestication.**
- 9315 Section **48-3a-108, Permitted names.**
- 9316 Section **48-3a-109, Reservation of name.**
- 9317 Section **48-3a-110, Registration of name.**
- 9318 Section **48-3a-111, Registered agent.**
- 9319 Section **48-3a-203, Signing of records to be delivered for filing to division.**
- 9320 Section **48-3a-204, Signing and filing pursuant to judicial order.**
- 9321 Section **48-3a-205, Filing requirements.**
- 9322 Section **48-3a-206, Effective time and date.**
- 9323 Section **48-3a-207, Withdrawal of filed record before effectiveness.**
- 9324 Section **48-3a-208, Correcting filed record.**
- 9325 Section **48-3a-209, Duty of division to file -- Review of refusal to file -- Transmission of**
- 9326 **information by division.**
- 9327 Section **48-3a-210, Liability for inaccurate information in filed record.**
- 9328 Section **48-3a-211, Certificate of existence or registration.**
- 9329 Section **48-3a-212, Annual report for division.**
- 9330 Section **48-3a-708, Administrative dissolution.**
- 9331 Section **48-3a-709, Reinstatement.**
- 9332 Section **48-3a-710, Judicial review of denial of reinstatement.**
- 9333 Section **48-3a-901, Governing law.**
- 9334 Section **48-3a-902, Registration to do business in this state.**
- 9335 Section **48-3a-903, Foreign registration statement.**
- 9336 Section **48-3a-904, Amendment of foreign registration statement.**
- 9337 Section **48-3a-905, Activities not constituting doing business.**

9338 Section **48-3a-906, Noncomplying name of foreign limited liability company.**
9339 Section **48-3a-907, Withdrawal deemed on conversion to domestic filing entity or**
9340 **domestic limited liability partnership.**
9341 Section **48-3a-908, Withdrawal on dissolution or conversion to nonfiling entity other**
9342 **than limited liability partnership.**
9343 Section **48-3a-909, Transfer of registration.**
9344 Section **48-3a-910, Termination of registration.**
9345 Section **48-3a-1001, Definitions.**
9346 Section **48-3a-1002, Relationship of part to other laws.**
9347 Section **48-3a-1003, Required notice or approval.**
9348 Section **48-3a-1004, Status of filings.**
9349 Section **48-3a-1005, Nonexclusivity.**
9350 Section **48-3a-1006, References to external facts.**
9351 Section **48-3a-1007, Alternative means of approval of transactions.**
9352 Section **48-3a-1008, Appraisal rights.**
9353 Section **48-3a-1021, Merger authorized.**
9354 Section **48-3a-1022, Plan of merger.**
9355 Section **48-3a-1023, Approval of merger.**
9356 Section **48-3a-1024, Amendment or abandonment of plan of merger.**
9357 Section **48-3a-1025, Statement of merger.**
9358 Section **48-3a-1026, Effect of merger.**
9359 Section **48-3a-1031, Interest exchange authorized.**
9360 Section **48-3a-1032, Plan of interest exchange.**
9361 Section **48-3a-1033, Approval of interest exchange.**
9362 Section **48-3a-1034, Amendment or abandonment of plan of interest exchange.**
9363 Section **48-3a-1035, Statement of interest exchange.**
9364 Section **48-3a-1036, Effect of interest exchange.**
9365 Section **48-3a-1041, Conversion authorized.**
9366 Section **48-3a-1042, Plan of conversion.**
9367 Section **48-3a-1043, Approval of conversion.**
9368 Section **48-3a-1044, Amendment or abandonment of plan of conversion.**
9369 Section **48-3a-1045, Statement of conversion.**
9370 Section **48-3a-1046, Effect of conversion.**
9371 Section **48-3a-1051, Domestication authorized.**

- 9372 Section **48-3a-1052, Plan of domestication.**
- 9373 Section **48-3a-1053, Approval of domestication.**
- 9374 Section **48-3a-1054, Amendment or abandonment of plan of domestication.**
- 9375 Section **48-3a-1055, Statement of domestication.**
- 9376 Section **48-3a-1056, Effect of domestication.**
- 9377 Section **48-4-105, Benefit company name.**
- 9378 Section **48-5-105, Permitted names.**
- 9379 Section 308. **Effective Date.**
- 9380 This bill takes effect on May 6, 2026.