

Evan J. Vickers proposes the following substitute bill:

Business Entity Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Evan J. Vickers

House Sponsor: David Shallenberger

LONG TITLE

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;
- establishes the process by which a person may reserve an entity name;

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

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

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

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

ENACTS:

- 109 **13-1a-101**, Utah Code Annotated 1953
- 110 **16-1a-101**, Utah Code Annotated 1953
- 111 **16-1a-102**, Utah Code Annotated 1953
- 112 **16-1a-201**, Utah Code Annotated 1953
- 113 **16-1a-202**, Utah Code Annotated 1953
- 114 **16-1a-203**, Utah Code Annotated 1953
- 115 **16-1a-204**, Utah Code Annotated 1953
- 116 **16-1a-205**, Utah Code Annotated 1953
- 117 **16-1a-206**, Utah Code Annotated 1953
- 118 **16-1a-207**, Utah Code Annotated 1953
- 119 **16-1a-208**, Utah Code Annotated 1953
- 120 **16-1a-209**, Utah Code Annotated 1953
- 121 **16-1a-210**, Utah Code Annotated 1953
- 122 **16-1a-211**, Utah Code Annotated 1953
- 123 **16-1a-212**, Utah Code Annotated 1953
- 124 **16-1a-301**, Utah Code Annotated 1953
- 125 **16-1a-302**, Utah Code Annotated 1953
- 126 **16-1a-303**, Utah Code Annotated 1953
- 127 **16-1a-304**, Utah Code Annotated 1953
- 128 **16-1a-305**, Utah Code Annotated 1953

129 **16-1a-401**, Utah Code Annotated 1953
130 **16-1a-402**, Utah Code Annotated 1953
131 **16-1a-403**, Utah Code Annotated 1953
132 **16-1a-404**, Utah Code Annotated 1953
133 **16-1a-405**, Utah Code Annotated 1953
134 **16-1a-406**, Utah Code Annotated 1953
135 **16-1a-407**, Utah Code Annotated 1953
136 **16-1a-408**, Utah Code Annotated 1953
137 **16-1a-409**, Utah Code Annotated 1953
138 **16-1a-410**, Utah Code Annotated 1953
139 **16-1a-411**, Utah Code Annotated 1953
140 **16-1a-412**, Utah Code Annotated 1953
141 **16-1a-413**, Utah Code Annotated 1953
142 **16-1a-414**, Utah Code Annotated 1953
143 **16-1a-501**, Utah Code Annotated 1953
144 **16-1a-502**, Utah Code Annotated 1953
145 **16-1a-503**, Utah Code Annotated 1953
146 **16-1a-504**, Utah Code Annotated 1953
147 **16-1a-505**, Utah Code Annotated 1953
148 **16-1a-506**, Utah Code Annotated 1953
149 **16-1a-507**, Utah Code Annotated 1953
150 **16-1a-508**, Utah Code Annotated 1953
151 **16-1a-509**, Utah Code Annotated 1953
152 **16-1a-510**, Utah Code Annotated 1953
153 **16-1a-601**, Utah Code Annotated 1953
154 **16-1a-602**, Utah Code Annotated 1953
155 **16-1a-603**, Utah Code Annotated 1953
156 **16-1a-604**, Utah Code Annotated 1953
157 **16-1a-605**, Utah Code Annotated 1953
158 **16-1a-701**, Utah Code Annotated 1953
159 **16-1a-702**, Utah Code Annotated 1953
160 **16-1a-703**, Utah Code Annotated 1953
161 **16-1a-704**, Utah Code Annotated 1953
162 **16-1a-705**, Utah Code Annotated 1953

163	16-1a-706 , Utah Code Annotated 1953
164	16-1a-707 , Utah Code Annotated 1953
165	16-1a-708 , Utah Code Annotated 1953
166	16-1a-709 , Utah Code Annotated 1953
167	16-1a-801 , Utah Code Annotated 1953
168	16-1a-802 , Utah Code Annotated 1953
169	16-1a-803 , Utah Code Annotated 1953
170	16-1a-804 , Utah Code Annotated 1953
171	16-1a-805 , Utah Code Annotated 1953
172	16-1a-806 , Utah Code Annotated 1953
173	16-1a-807 , Utah Code Annotated 1953
174	16-1a-901 , Utah Code Annotated 1953
175	16-1a-902 , Utah Code Annotated 1953
176	16-1a-903 , Utah Code Annotated 1953
177	16-1a-904 , Utah Code Annotated 1953
178	16-1a-905 , Utah Code Annotated 1953
179	16-1a-906 , Utah Code Annotated 1953
180	16-1a-907 , Utah Code Annotated 1953
181	16-1a-1001 , Utah Code Annotated 1953
182	16-1a-1002 , Utah Code Annotated 1953
183	16-1a-1003 , Utah Code Annotated 1953
184	16-1a-1004 , Utah Code Annotated 1953
185	16-1a-1005 , Utah Code Annotated 1953
186	16-1a-1006 , Utah Code Annotated 1953
187	16-1a-1007 , Utah Code Annotated 1953
188	16-6a-120 , Utah Code Annotated 1953
189	16-7-17 , Utah Code Annotated 1953
190	16-10a-130 , Utah Code Annotated 1953
191	16-10b-107 , Utah Code Annotated 1953
192	16-11-17 , Utah Code Annotated 1953
193	16-12-7 , Utah Code Annotated 1953
194	16-15-111 , Utah Code Annotated 1953
195	16-16-121 , Utah Code Annotated 1953
196	16-18-109 , Utah Code Annotated 1953

197 **16-19-113**, Utah Code Annotated 1953
 198 **16-20-112**, Utah Code Annotated 1953
 199 **16-21-104**, Utah Code Annotated 1953
 200 **16-22-110**, Utah Code Annotated 1953
 201 **42-2-101**, Utah Code Annotated 1953
 202 **42-2-102**, Utah Code Annotated 1953
 203 **42-2-201**, Utah Code Annotated 1953
 204 **42-2-202**, Utah Code Annotated 1953
 205 **42-2-203**, Utah Code Annotated 1953
 206 **42-2-204**, Utah Code Annotated 1953
 207 **42-2-205**, Utah Code Annotated 1953

208 RENUMBERS AND AMENDS:

209 **13-1a-102**, (Renumbered from 13-1a-1, as last amended by Laws of Utah 1989, Chapter
 210 225)
 211 **13-1a-103**, (Renumbered from 13-1a-2, as last amended by Laws of Utah 1989, Chapter
 212 225)
 213 **13-1a-104**, (Renumbered from 13-1a-3, as last amended by Laws of Utah 2021, Chapter
 214 344)
 215 **13-1a-105**, (Renumbered from 13-1a-4, as last amended by Laws of Utah 1997, Chapter
 216 135)
 217 **13-1a-106**, (Renumbered from 13-1a-5, as last amended by Laws of Utah 2014, Chapter
 218 189)
 219 **13-1a-107**, (Renumbered from 13-1a-6, as last amended by Laws of Utah 2010, Chapter
 220 378)
 221 **13-1a-108**, (Renumbered from 13-1a-7, as last amended by Laws of Utah 2008, Chapter
 222 382)
 223 **13-1a-109**, (Renumbered from 13-1a-8, as enacted by Laws of Utah 1990, Chapter 9)
 224 **13-1a-110**, (Renumbered from 13-1a-9, as last amended by Laws of Utah 2009, Chapter
 225 183)
 226 **16-18-101**, (Renumbered from 48-1d-102, as last amended by Laws of Utah 2019,
 227 Chapter 349)
 228 **16-18-102**, (Renumbered from 48-1d-103, as enacted by Laws of Utah 2013, Chapter
 229 412)
 230 **16-18-103**, (Renumbered from 48-1d-104, as enacted by Laws of Utah 2013, Chapter

231 412)
232 **16-18-104**, (Renumbered from 48-1d-105, as enacted by Laws of Utah 2013, Chapter
233 412)
234 **16-18-105**, (Renumbered from 48-1d-106, as enacted by Laws of Utah 2013, Chapter
235 412)
236 **16-18-106**, (Renumbered from 48-1d-107, as enacted by Laws of Utah 2013, Chapter
237 412)
238 **16-18-107**, (Renumbered from 48-1d-108, as enacted by Laws of Utah 2013, Chapter
239 412)
240 **16-18-108**, (Renumbered from 48-1d-118, as enacted by Laws of Utah 2013, Chapter
241 412)
242 **16-18-201**, (Renumbered from 48-1d-201, as enacted by Laws of Utah 2013, Chapter
243 412)
244 **16-18-202**, (Renumbered from 48-1d-202, as enacted by Laws of Utah 2013, Chapter
245 412)
246 **16-18-203**, (Renumbered from 48-1d-203, as enacted by Laws of Utah 2013, Chapter
247 412)
248 **16-18-204**, (Renumbered from 48-1d-204, as enacted by Laws of Utah 2013, Chapter
249 412)
250 **16-18-301**, (Renumbered from 48-1d-301, as enacted by Laws of Utah 2013, Chapter
251 412)
252 **16-18-302**, (Renumbered from 48-1d-302, as enacted by Laws of Utah 2013, Chapter
253 412)
254 **16-18-303**, (Renumbered from 48-1d-303, as enacted by Laws of Utah 2013, Chapter
255 412)
256 **16-18-304**, (Renumbered from 48-1d-304, as enacted by Laws of Utah 2013, Chapter
257 412)
258 **16-18-305**, (Renumbered from 48-1d-305, as enacted by Laws of Utah 2013, Chapter
259 412)
260 **16-18-306**, (Renumbered from 48-1d-306, as enacted by Laws of Utah 2013, Chapter
261 412)
262 **16-18-307**, (Renumbered from 48-1d-307, as enacted by Laws of Utah 2013, Chapter
263 412)
264 **16-18-308**, (Renumbered from 48-1d-308, as enacted by Laws of Utah 2013, Chapter

265 412)
266 **16-18-401**, (Renumbered from 48-1d-401, as enacted by Laws of Utah 2013, Chapter
267 412)
268 **16-18-402**, (Renumbered from 48-1d-402, as enacted by Laws of Utah 2013, Chapter
269 412)
270 **16-18-403**, (Renumbered from 48-1d-403, as enacted by Laws of Utah 2013, Chapter
271 412)
272 **16-18-404**, (Renumbered from 48-1d-404, as enacted by Laws of Utah 2013, Chapter
273 412)
274 **16-18-405**, (Renumbered from 48-1d-405, as enacted by Laws of Utah 2013, Chapter
275 412)
276 **16-18-406**, (Renumbered from 48-1d-406, as enacted by Laws of Utah 2013, Chapter
277 412)
278 **16-18-407**, (Renumbered from 48-1d-407, as enacted by Laws of Utah 2013, Chapter
279 412)
280 **16-18-501**, (Renumbered from 48-1d-501, as enacted by Laws of Utah 2013, Chapter
281 412)
282 **16-18-502**, (Renumbered from 48-1d-502, as enacted by Laws of Utah 2013, Chapter
283 412)
284 **16-18-503**, (Renumbered from 48-1d-503, as enacted by Laws of Utah 2013, Chapter
285 412)
286 **16-18-504**, (Renumbered from 48-1d-504, as enacted by Laws of Utah 2013, Chapter
287 412)
288 **16-18-505**, (Renumbered from 48-1d-505, as enacted by Laws of Utah 2013, Chapter
289 412)
290 **16-18-601**, (Renumbered from 48-1d-601, as enacted by Laws of Utah 2013, Chapter
291 412)
292 **16-18-602**, (Renumbered from 48-1d-602, as enacted by Laws of Utah 2013, Chapter
293 412)
294 **16-18-603**, (Renumbered from 48-1d-603, as enacted by Laws of Utah 2013, Chapter
295 412)
296 **16-18-604**, (Renumbered from 48-1d-604, as enacted by Laws of Utah 2013, Chapter
297 412)
298 **16-18-605**, (Renumbered from 48-1d-605, as enacted by Laws of Utah 2013, Chapter

299 412)
300 **16-18-701**, (Renumbered from 48-1d-701, as enacted by Laws of Utah 2013, Chapter
301 412)
302 **16-18-702**, (Renumbered from 48-1d-702, as enacted by Laws of Utah 2013, Chapter
303 412)
304 **16-18-703**, (Renumbered from 48-1d-703, as enacted by Laws of Utah 2013, Chapter
305 412)
306 **16-18-801**, (Renumbered from 48-1d-801, as enacted by Laws of Utah 2013, Chapter
307 412)
308 **16-18-802**, (Renumbered from 48-1d-802, as enacted by Laws of Utah 2013, Chapter
309 412)
310 **16-18-803**, (Renumbered from 48-1d-803, as enacted by Laws of Utah 2013, Chapter
311 412)
312 **16-18-804**, (Renumbered from 48-1d-804, as enacted by Laws of Utah 2013, Chapter
313 412)
314 **16-18-805**, (Renumbered from 48-1d-805, as enacted by Laws of Utah 2013, Chapter
315 412)
316 **16-18-901**, (Renumbered from 48-1d-901, as last amended by Laws of Utah 2023,
317 Chapter 401)
318 **16-18-902**, (Renumbered from 48-1d-902, as last amended by Laws of Utah 2023,
319 Chapter 401)
320 **16-18-903**, (Renumbered from 48-1d-903, as last amended by Laws of Utah 2023,
321 Chapter 401)
322 **16-18-904**, (Renumbered from 48-1d-904, as enacted by Laws of Utah 2013, Chapter
323 412)
324 **16-18-905**, (Renumbered from 48-1d-905, as enacted by Laws of Utah 2013, Chapter
325 412)
326 **16-18-906**, (Renumbered from 48-1d-906, as enacted by Laws of Utah 2013, Chapter
327 412)
328 **16-18-907**, (Renumbered from 48-1d-907, as enacted by Laws of Utah 2013, Chapter
329 412)
330 **16-18-908**, (Renumbered from 48-1d-908, as enacted by Laws of Utah 2013, Chapter
331 412)
332 **16-18-909**, (Renumbered from 48-1d-909, as last amended by Laws of Utah 2023,

333 Chapter 401)
334 **16-18-910**, (Renumbered from 48-1d-910, as enacted by Laws of Utah 2013, Chapter
335 412)
336 **16-18-1001**, (Renumbered from 48-1d-1101, as enacted by Laws of Utah 2013,
337 Chapter 412)
338 **16-18-1002**, (Renumbered from 48-1d-1102, as enacted by Laws of Utah 2013,
339 Chapter 412)
340 **16-18-1101**, (Renumbered from 48-1d-1301, as enacted by Laws of Utah 2013,
341 Chapter 412)
342 **16-18-1102**, (Renumbered from 48-1d-1302, as enacted by Laws of Utah 2013,
343 Chapter 412)
344 **16-18-1103**, (Renumbered from 48-1d-1304, as enacted by Laws of Utah 2013,
345 Chapter 412)
346 **16-18-1104**, (Renumbered from 48-1d-1305, as last amended by Laws of Utah 2014,
347 Chapter 189)
348 **16-18-1105**, (Renumbered from 48-1d-1306, as enacted by Laws of Utah 2013,
349 Chapter 412)
350 **16-18-1106**, (Renumbered from 48-1d-1307, as enacted by Laws of Utah 2013,
351 Chapter 412)
352 **16-18-1107**, (Renumbered from 48-1d-1308, as enacted by Laws of Utah 2013,
353 Chapter 412)
354 **16-18-1108**, (Renumbered from 48-1d-1309, as enacted by Laws of Utah 2013,
355 Chapter 412)
356 **16-18-1109**, (Renumbered from 48-1d-1310, as last amended by Laws of Utah 2023,
357 Chapter 401)
358 **16-18-1201**, (Renumbered from 48-1d-1401, as enacted by Laws of Utah 2013,
359 Chapter 412)
360 **16-18-1202**, (Renumbered from 48-1d-1402, as enacted by Laws of Utah 2013,
361 Chapter 412)
362 **16-18-1203**, (Renumbered from 48-1d-1403, as enacted by Laws of Utah 2013,
363 Chapter 412)
364 **16-18-1204**, (Renumbered from 48-1d-1404, as enacted by Laws of Utah 2013,
365 Chapter 412)
366 **16-18-1205**, (Renumbered from 48-1d-1405, as enacted by Laws of Utah 2013,

367 Chapter 412)
368 **16-19-101**, (Renumbered from 48-2e-102, as enacted by Laws of Utah 2013, Chapter
369 412)
370 **16-19-102**, (Renumbered from 48-2e-103, as enacted by Laws of Utah 2013, Chapter
371 412)
372 **16-19-103**, (Renumbered from 48-2e-104, as enacted by Laws of Utah 2013, Chapter
373 412)
374 **16-19-104**, (Renumbered from 48-2e-105, as enacted by Laws of Utah 2013, Chapter
375 412)
376 **16-19-105**, (Renumbered from 48-2e-106, as enacted by Laws of Utah 2013, Chapter
377 412)
378 **16-19-106**, (Renumbered from 48-2e-107, as enacted by Laws of Utah 2013, Chapter
379 412)
380 **16-19-107**, (Renumbered from 48-2e-112, as enacted by Laws of Utah 2013, Chapter
381 412)
382 **16-19-108**, (Renumbered from 48-2e-113, as enacted by Laws of Utah 2013, Chapter
383 412)
384 **16-19-109**, (Renumbered from 48-2e-114, as enacted by Laws of Utah 2013, Chapter
385 412)
386 **16-19-110**, (Renumbered from 48-2e-115, as enacted by Laws of Utah 2013, Chapter
387 412)
388 **16-19-111**, (Renumbered from 48-2e-116, as enacted by Laws of Utah 2013, Chapter
389 412)
390 **16-19-112**, (Renumbered from 48-2e-118, as enacted by Laws of Utah 2013, Chapter
391 412)
392 **16-19-201**, (Renumbered from 48-2e-201, as enacted by Laws of Utah 2013, Chapter
393 412)
394 **16-19-202**, (Renumbered from 48-2e-202, as enacted by Laws of Utah 2013, Chapter
395 412)
396 **16-19-301**, (Renumbered from 48-2e-301, as enacted by Laws of Utah 2013, Chapter
397 412)
398 **16-19-302**, (Renumbered from 48-2e-302, as enacted by Laws of Utah 2013, Chapter
399 412)
400 **16-19-303**, (Renumbered from 48-2e-303, as enacted by Laws of Utah 2013, Chapter

401 412)
402 **16-19-304**, (Renumbered from 48-2e-304, as enacted by Laws of Utah 2013, Chapter
403 412)
404 **16-19-305**, (Renumbered from 48-2e-305, as enacted by Laws of Utah 2013, Chapter
405 412)
406 **16-19-306**, (Renumbered from 48-2e-306, as enacted by Laws of Utah 2013, Chapter
407 412)
408 **16-19-401**, (Renumbered from 48-2e-401, as enacted by Laws of Utah 2013, Chapter
409 412)
410 **16-19-402**, (Renumbered from 48-2e-402, as enacted by Laws of Utah 2013, Chapter
411 412)
412 **16-19-403**, (Renumbered from 48-2e-403, as enacted by Laws of Utah 2013, Chapter
413 412)
414 **16-19-404**, (Renumbered from 48-2e-404, as enacted by Laws of Utah 2013, Chapter
415 412)
416 **16-19-405**, (Renumbered from 48-2e-405, as enacted by Laws of Utah 2013, Chapter
417 412)
418 **16-19-406**, (Renumbered from 48-2e-406, as enacted by Laws of Utah 2013, Chapter
419 412)
420 **16-19-407**, (Renumbered from 48-2e-407, as enacted by Laws of Utah 2013, Chapter
421 412)
422 **16-19-408**, (Renumbered from 48-2e-408, as enacted by Laws of Utah 2013, Chapter
423 412)
424 **16-19-409**, (Renumbered from 48-2e-409, as enacted by Laws of Utah 2013, Chapter
425 412)
426 **16-19-501**, (Renumbered from 48-2e-501, as enacted by Laws of Utah 2013, Chapter
427 412)
428 **16-19-502**, (Renumbered from 48-2e-502, as enacted by Laws of Utah 2013, Chapter
429 412)
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431 412)
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433 412)
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440 **16-19-603**, (Renumbered from 48-2e-603, as enacted by Laws of Utah 2013, Chapter
441 412)
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443 412)
444 **16-19-605**, (Renumbered from 48-2e-605, as enacted by Laws of Utah 2013, Chapter
445 412)
446 **16-19-606**, (Renumbered from 48-2e-606, as enacted by Laws of Utah 2013, Chapter
447 412)
448 **16-19-607**, (Renumbered from 48-2e-607, as enacted by Laws of Utah 2013, Chapter
449 412)
450 **16-19-701**, (Renumbered from 48-2e-701, as enacted by Laws of Utah 2013, Chapter
451 412)
452 **16-19-702**, (Renumbered from 48-2e-702, as enacted by Laws of Utah 2013, Chapter
453 412)
454 **16-19-703**, (Renumbered from 48-2e-703, as enacted by Laws of Utah 2013, Chapter
455 412)
456 **16-19-704**, (Renumbered from 48-2e-704, as enacted by Laws of Utah 2013, Chapter
457 412)
458 **16-19-801**, (Renumbered from 48-2e-801, as last amended by Laws of Utah 2023,
459 Chapter 401)
460 **16-19-802**, (Renumbered from 48-2e-802, as last amended by Laws of Utah 2023,
461 Chapter 401)
462 **16-19-803**, (Renumbered from 48-2e-803, as last amended by Laws of Utah 2023,
463 Chapter 401)
464 **16-19-804**, (Renumbered from 48-2e-804, as enacted by Laws of Utah 2013, Chapter
465 412)
466 **16-19-805**, (Renumbered from 48-2e-805, as enacted by Laws of Utah 2013, Chapter
467 412)
468 **16-19-806**, (Renumbered from 48-2e-806, as enacted by Laws of Utah 2013, Chapter

469 412)
470 **16-19-807**, (Renumbered from 48-2e-807, as enacted by Laws of Utah 2013, Chapter
471 412)
472 **16-19-808**, (Renumbered from 48-2e-808, as last amended by Laws of Utah 2023,
473 Chapter 401)
474 **16-19-809**, (Renumbered from 48-2e-809, as enacted by Laws of Utah 2013, Chapter
475 412)
476 **16-19-810**, (Renumbered from 48-2e-813, as enacted by Laws of Utah 2013, Chapter
477 412)
478 **16-19-1001**, (Renumbered from 48-2e-1001, as enacted by Laws of Utah 2013,
479 Chapter 412)
480 **16-19-1002**, (Renumbered from 48-2e-1002, as enacted by Laws of Utah 2013,
481 Chapter 412)
482 **16-19-1003**, (Renumbered from 48-2e-1003, as enacted by Laws of Utah 2013,
483 Chapter 412)
484 **16-19-1004**, (Renumbered from 48-2e-1004, as enacted by Laws of Utah 2013,
485 Chapter 412)
486 **16-19-1005**, (Renumbered from 48-2e-1005, as enacted by Laws of Utah 2013,
487 Chapter 412)
488 **16-19-1006**, (Renumbered from 48-2e-1006, as enacted by Laws of Utah 2013,
489 Chapter 412)
490 **16-19-1101**, (Renumbered from 48-2e-1201, as enacted by Laws of Utah 2013,
491 Chapter 412)
492 **16-19-1102**, (Renumbered from 48-2e-1202, as enacted by Laws of Utah 2013,
493 Chapter 412)
494 **16-19-1103**, (Renumbered from 48-2e-1203, as enacted by Laws of Utah 2013,
495 Chapter 412)
496 **16-19-1104**, (Renumbered from 48-2e-1204, as enacted by Laws of Utah 2013,
497 Chapter 412)
498 **16-19-1105**, (Renumbered from 48-2e-1205, as enacted by Laws of Utah 2013,
499 Chapter 412)
500 **16-20-101**, (Renumbered from 48-3a-102, as enacted by Laws of Utah 2013, Chapter
501 412)
502 **16-20-102**, (Renumbered from 48-3a-103, as enacted by Laws of Utah 2013, Chapter

503 412)
504 **16-20-103**, (Renumbered from 48-3a-104, as enacted by Laws of Utah 2013, Chapter
505 412)
506 **16-20-104**, (Renumbered from 48-3a-105, as enacted by Laws of Utah 2013, Chapter
507 412)
508 **16-20-105**, (Renumbered from 48-3a-106, as enacted by Laws of Utah 2013, Chapter
509 412)
510 **16-20-106**, (Renumbered from 48-3a-107, as enacted by Laws of Utah 2013, Chapter
511 412)
512 **16-20-107**, (Renumbered from 48-3a-112, as enacted by Laws of Utah 2013, Chapter
513 412)
514 **16-20-108**, (Renumbered from 48-3a-113, as enacted by Laws of Utah 2013, Chapter
515 412)
516 **16-20-109**, (Renumbered from 48-3a-114, as enacted by Laws of Utah 2013, Chapter
517 412)
518 **16-20-110**, (Renumbered from 48-3a-115, as enacted by Laws of Utah 2013, Chapter
519 412)
520 **16-20-111**, (Renumbered from 48-3a-116, as enacted by Laws of Utah 2013, Chapter
521 412)
522 **16-20-201**, (Renumbered from 48-3a-201, as enacted by Laws of Utah 2013, Chapter
523 412)
524 **16-20-202**, (Renumbered from 48-3a-202, as enacted by Laws of Utah 2013, Chapter
525 412)
526 **16-20-301**, (Renumbered from 48-3a-301, as enacted by Laws of Utah 2013, Chapter
527 412)
528 **16-20-302**, (Renumbered from 48-3a-302, as enacted by Laws of Utah 2013, Chapter
529 412)
530 **16-20-303**, (Renumbered from 48-3a-303, as enacted by Laws of Utah 2013, Chapter
531 412)
532 **16-20-304**, (Renumbered from 48-3a-304, as enacted by Laws of Utah 2013, Chapter
533 412)
534 **16-20-401**, (Renumbered from 48-3a-401, as enacted by Laws of Utah 2013, Chapter
535 412)
536 **16-20-402**, (Renumbered from 48-3a-402, as enacted by Laws of Utah 2013, Chapter

537 412)
538 **16-20-403**, (Renumbered from 48-3a-403, as enacted by Laws of Utah 2013, Chapter
539 412)
540 **16-20-404**, (Renumbered from 48-3a-404, as enacted by Laws of Utah 2013, Chapter
541 412)
542 **16-20-405**, (Renumbered from 48-3a-405, as enacted by Laws of Utah 2013, Chapter
543 412)
544 **16-20-406**, (Renumbered from 48-3a-406, as enacted by Laws of Utah 2013, Chapter
545 412)
546 **16-20-407**, (Renumbered from 48-3a-407, as enacted by Laws of Utah 2013, Chapter
547 412)
548 **16-20-408**, (Renumbered from 48-3a-408, as enacted by Laws of Utah 2013, Chapter
549 412)
550 **16-20-409**, (Renumbered from 48-3a-409, as enacted by Laws of Utah 2013, Chapter
551 412)
552 **16-20-410**, (Renumbered from 48-3a-410, as enacted by Laws of Utah 2013, Chapter
553 412)
554 **16-20-501**, (Renumbered from 48-3a-501, as enacted by Laws of Utah 2013, Chapter
555 412)
556 **16-20-502**, (Renumbered from 48-3a-502, as enacted by Laws of Utah 2013, Chapter
557 412)
558 **16-20-503**, (Renumbered from 48-3a-503, as enacted by Laws of Utah 2013, Chapter
559 412)
560 **16-20-504**, (Renumbered from 48-3a-504, as enacted by Laws of Utah 2013, Chapter
561 412)
562 **16-20-601**, (Renumbered from 48-3a-601, as enacted by Laws of Utah 2013, Chapter
563 412)
564 **16-20-602**, (Renumbered from 48-3a-602, as enacted by Laws of Utah 2013, Chapter
565 412)
566 **16-20-603**, (Renumbered from 48-3a-603, as enacted by Laws of Utah 2013, Chapter
567 412)
568 **16-20-701**, (Renumbered from 48-3a-701, as last amended by Laws of Utah 2024,
569 Chapter 165)
570 **16-20-702**, (Renumbered from 48-3a-702, as last amended by Laws of Utah 2023,

571 Chapter 401)
572 **16-20-703**, (Renumbered from 48-3a-703, as last amended by Laws of Utah 2023,
573 Chapter 401)
574 **16-20-704**, (Renumbered from 48-3a-704, as last amended by Laws of Utah 2023,
575 Chapter 401)
576 **16-20-705**, (Renumbered from 48-3a-705, as enacted by Laws of Utah 2013, Chapter
577 412)
578 **16-20-706**, (Renumbered from 48-3a-706, as enacted by Laws of Utah 2013, Chapter
579 412)
580 **16-20-707**, (Renumbered from 48-3a-707, as last amended by Laws of Utah 2023,
581 Chapter 401)
582 **16-20-708**, (Renumbered from 48-3a-711, as enacted by Laws of Utah 2013, Chapter
583 412)
584 **16-20-801**, (Renumbered from 48-3a-801, as enacted by Laws of Utah 2013, Chapter
585 412)
586 **16-20-802**, (Renumbered from 48-3a-802, as enacted by Laws of Utah 2013, Chapter
587 412)
588 **16-20-803**, (Renumbered from 48-3a-803, as enacted by Laws of Utah 2013, Chapter
589 412)
590 **16-20-804**, (Renumbered from 48-3a-804, as enacted by Laws of Utah 2013, Chapter
591 412)
592 **16-20-805**, (Renumbered from 48-3a-805, as enacted by Laws of Utah 2013, Chapter
593 412)
594 **16-20-806**, (Renumbered from 48-3a-806, as enacted by Laws of Utah 2013, Chapter
595 412)
596 **42-2-103**, (Renumbered from 42-2-7, as last amended by Laws of Utah 1988, Chapter
597 222)
598 **42-2-104**, (Renumbered from 42-2-9, as last amended by Laws of Utah 2002, Chapter
599 318)
600 **42-2-105**, (Renumbered from 42-2-6.6, as last amended by Laws of Utah 2024,
601 Chapter 102)
602 REPEALS:
603 **16-6a-105**, as last amended by Laws of Utah 2008, Chapter 364
604 **16-6a-106**, as enacted by Laws of Utah 2000, Chapter 300

605 **16-6a-108**, as enacted by Laws of Utah 2000, Chapter 300
606 **16-6a-109**, as enacted by Laws of Utah 2000, Chapter 300
607 **16-6a-110**, as last amended by Laws of Utah 2008, Chapter 364
608 **16-6a-401**, as last amended by Laws of Utah 2023, Chapter 458
609 **16-6a-402**, as enacted by Laws of Utah 2000, Chapter 300
610 **16-6a-1101**, as last amended by Laws of Utah 2006, Chapter 228
611 **16-6a-1102**, as last amended by Laws of Utah 2006, Chapter 228
612 **16-6a-1103**, as last amended by Laws of Utah 2006, Chapter 228
613 **16-6a-1104**, as last amended by Laws of Utah 2006, Chapter 228
614 **16-6a-1105**, as last amended by Laws of Utah 2008, Chapter 364
615 **16-6a-1410**, as last amended by Laws of Utah 2008, Chapter 364
616 **16-6a-1411**, as last amended by Laws of Utah 2009, Chapter 386
617 **16-6a-1412**, as last amended by Laws of Utah 2024, Chapter 232
618 **16-6a-1413**, as last amended by Laws of Utah 2009, Chapter 386
619 **16-6a-1501**, as enacted by Laws of Utah 2000, Chapter 300
620 **16-6a-1502**, as last amended by Laws of Utah 2008, Chapter 382
621 **16-6a-1503**, as last amended by Laws of Utah 2024, Chapter 102
622 **16-6a-1504**, as last amended by Laws of Utah 2008, Chapter 364
623 **16-6a-1505**, as enacted by Laws of Utah 2000, Chapter 300
624 **16-6a-1506**, as last amended by Laws of Utah 2002, Chapter 197
625 **16-6a-1507**, as last amended by Laws of Utah 2002, Chapter 197
626 **16-6a-1510**, as enacted by Laws of Utah 2000, Chapter 300
627 **16-6a-1511**, as enacted by Laws of Utah 2000, Chapter 300
628 **16-6a-1512**, as enacted by Laws of Utah 2000, Chapter 300
629 **16-6a-1513**, as last amended by Laws of Utah 2023, Chapter 191
630 **16-6a-1514**, as last amended by Laws of Utah 2008, Chapter 364
631 **16-6a-1515**, as last amended by Laws of Utah 2008, Chapter 364
632 **16-6a-1516**, as last amended by Laws of Utah 2009, Chapter 386
633 **16-6a-1517**, as last amended by Laws of Utah 2008, Chapter 382
634 **16-6a-1518**, as enacted by Laws of Utah 2000, Chapter 300
635 **16-7-13**, as last amended by Laws of Utah 2000, Chapter 300
636 **16-10a-120**, as last amended by Laws of Utah 2010, Chapter 378
637 **16-10a-121**, as enacted by Laws of Utah 1992, Chapter 277
638 **16-10a-123**, as enacted by Laws of Utah 1992, Chapter 277

639 **16-10a-124**, as enacted by Laws of Utah 1992, Chapter 277
640 **16-10a-125**, as last amended by Laws of Utah 2008, Chapter 364
641 **16-10a-126**, as last amended by Laws of Utah 2023, Chapter 401
642 **16-10a-401**, as last amended by Laws of Utah 2023, Chapter 458
643 **16-10a-402**, as last amended by Laws of Utah 2014, Chapter 189
644 **16-10a-1101**, as last amended by Laws of Utah 2011, Chapter 244
645 **16-10a-1102**, as last amended by Laws of Utah 2010, Chapter 378
646 **16-10a-1106**, as last amended by Laws of Utah 2014, Chapter 189
647 **16-10a-1107**, as last amended by Laws of Utah 2011, Chapter 244
648 **16-10a-1420**, as last amended by Laws of Utah 2008, Chapter 364
649 **16-10a-1421**, as last amended by Laws of Utah 2009, Chapter 386
650 **16-10a-1422**, as last amended by Laws of Utah 2024, Chapter 232
651 **16-10a-1423**, as last amended by Laws of Utah 2009, Chapter 386
652 **16-10a-1501**, as last amended by Laws of Utah 1996, Chapter 79
653 **16-10a-1502**, as last amended by Laws of Utah 1993, Chapter 184
654 **16-10a-1503**, as last amended by Laws of Utah 2010, Chapter 43
655 **16-10a-1504**, as last amended by Laws of Utah 2008, Chapter 364
656 **16-10a-1505**, as enacted by Laws of Utah 1992, Chapter 277
657 **16-10a-1506**, as last amended by Laws of Utah 2010, Chapter 378
658 **16-10a-1507**, as last amended by Laws of Utah 2010, Chapter 378
659 **16-10a-1510**, as last amended by Laws of Utah 2010, Chapter 378
660 **16-10a-1511**, as last amended by Laws of Utah 1999, Chapter 220
661 **16-10a-1520**, as last amended by Laws of Utah 2023, Chapter 191
662 **16-10a-1521**, as last amended by Laws of Utah 2008, Chapter 364
663 **16-10a-1530**, as last amended by Laws of Utah 2008, Chapter 364
664 **16-10a-1531**, as last amended by Laws of Utah 2009, Chapter 386
665 **16-10a-1532**, as last amended by Laws of Utah 2023, Chapter 401
666 **16-10a-1533**, as last amended by Laws of Utah 2010, Chapter 378
667 **16-10a-1607**, as last amended by Laws of Utah 2010, Chapter 378
668 **16-11-16**, as last amended by Laws of Utah 2023, Chapter 458
669 **16-15-103**, as enacted by Laws of Utah 1995, Chapter 310
670 **16-15-105**, as last amended by Laws of Utah 2009, Chapter 183
671 **16-15-109**, as last amended by Laws of Utah 2008, Chapter 364
672 **16-16-111**, as last amended by Laws of Utah 2018, Chapter 281

673 **16-16-112**, as last amended by Laws of Utah 2010, Chapter 378
674 **16-16-201**, as last amended by Laws of Utah 2010, Chapter 378
675 **16-16-203**, as last amended by Laws of Utah 2010, Chapter 378
676 **16-16-207**, as last amended by Laws of Utah 2010, Chapter 378
677 **16-16-208**, as last amended by Laws of Utah 2009, Chapter 183
678 **16-16-1212**, as last amended by Laws of Utah 2024, Chapter 232
679 **16-16-1601**, as enacted by Laws of Utah 2008, Chapter 363
680 **16-16-1602**, as last amended by Laws of Utah 2010, Chapter 378
681 **16-16-1603**, as last amended by Laws of Utah 2010, Chapter 378
682 **16-16-1604**, as last amended by Laws of Utah 2010, Chapter 378
683 **16-16-1605**, as enacted by Laws of Utah 2008, Chapter 363
684 **16-16-1606**, as last amended by Laws of Utah 2010, Chapter 378
685 **16-16-1607**, as last amended by Laws of Utah 2010, Chapter 378
686 **16-16-1608**, as last amended by Laws of Utah 2010, Chapter 378
687 **16-16-1609**, as last amended by Laws of Utah 2010, Chapter 378
688 **16-16-1610**, as enacted by Laws of Utah 2008, Chapter 363
689 **16-16-1611**, as enacted by Laws of Utah 2008, Chapter 363
690 **16-16-1612**, as enacted by Laws of Utah 2008, Chapter 363
691 **16-17-101**, as enacted by Laws of Utah 2008, Chapter 364
692 **16-17-102**, as last amended by Laws of Utah 2013, Chapter 412
693 **16-17-201**, as last amended by Laws of Utah 2009, Chapter 183
694 **16-17-202**, as last amended by Laws of Utah 2010, Chapter 378
695 **16-17-203**, as last amended by Laws of Utah 2010, Chapter 378
696 **16-17-204**, as last amended by Laws of Utah 2010, Chapter 378
697 **16-17-205**, as enacted by Laws of Utah 2008, Chapter 364
698 **16-17-206**, as enacted by Laws of Utah 2008, Chapter 364
699 **16-17-207**, as enacted by Laws of Utah 2008, Chapter 364
700 **16-17-208**, as enacted by Laws of Utah 2008, Chapter 364
701 **16-17-209**, as last amended by Laws of Utah 2018, Chapter 149
702 **16-17-210**, as last amended by Laws of Utah 2010, Chapter 378
703 **16-17-301**, as last amended by Laws of Utah 2010, Chapter 378
704 **16-17-302**, as enacted by Laws of Utah 2008, Chapter 364
705 **16-17-401**, as enacted by Laws of Utah 2008, Chapter 364
706 **16-17-402**, as last amended by Laws of Utah 2010, Chapter 378

707 **16-17-403**, as enacted by Laws of Utah 2008, Chapter 364
708 **16-17-404**, as enacted by Laws of Utah 2008, Chapter 364
709 **42-2-5**, as last amended by Laws of Utah 2015, Chapter 341
710 **42-2-6**, as last amended by Laws of Utah 1984, Chapter 66
711 **42-2-8**, as last amended by Laws of Utah 1987, Chapter 66
712 **42-2-10**, as last amended by Laws of Utah 2009, Chapter 183
713 **48-1c-101**, as enacted by Laws of Utah 2013, Chapter 412
714 **48-1d-101**, as enacted by Laws of Utah 2013, Chapter 412
715 **48-1d-109**, as enacted by Laws of Utah 2013, Chapter 412
716 **48-1d-110**, as enacted by Laws of Utah 2013, Chapter 412
717 **48-1d-111**, as last amended by Laws of Utah 2023, Chapter 401
718 **48-1d-112**, as enacted by Laws of Utah 2013, Chapter 412
719 **48-1d-113**, as enacted by Laws of Utah 2013, Chapter 412
720 **48-1d-114**, as enacted by Laws of Utah 2013, Chapter 412
721 **48-1d-115**, as enacted by Laws of Utah 2013, Chapter 412
722 **48-1d-116**, as last amended by Laws of Utah 2023, Chapter 401
723 **48-1d-117**, as enacted by Laws of Utah 2013, Chapter 412
724 **48-1d-1001**, as enacted by Laws of Utah 2013, Chapter 412
725 **48-1d-1002**, as enacted by Laws of Utah 2013, Chapter 412
726 **48-1d-1003**, as last amended by Laws of Utah 2023, Chapter 401
727 **48-1d-1004**, as enacted by Laws of Utah 2013, Chapter 412
728 **48-1d-1005**, as enacted by Laws of Utah 2013, Chapter 412
729 **48-1d-1006**, as enacted by Laws of Utah 2013, Chapter 412
730 **48-1d-1007**, as enacted by Laws of Utah 2013, Chapter 412
731 **48-1d-1008**, as enacted by Laws of Utah 2013, Chapter 412
732 **48-1d-1021**, as enacted by Laws of Utah 2013, Chapter 412
733 **48-1d-1022**, as enacted by Laws of Utah 2013, Chapter 412
734 **48-1d-1023**, as enacted by Laws of Utah 2013, Chapter 412
735 **48-1d-1024**, as enacted by Laws of Utah 2013, Chapter 412
736 **48-1d-1025**, as enacted by Laws of Utah 2013, Chapter 412
737 **48-1d-1026**, as enacted by Laws of Utah 2013, Chapter 412
738 **48-1d-1031**, as enacted by Laws of Utah 2013, Chapter 412
739 **48-1d-1032**, as enacted by Laws of Utah 2013, Chapter 412
740 **48-1d-1033**, as enacted by Laws of Utah 2013, Chapter 412

741 **48-1d-1034**, as enacted by Laws of Utah 2013, Chapter 412
742 **48-1d-1035**, as enacted by Laws of Utah 2013, Chapter 412
743 **48-1d-1036**, as enacted by Laws of Utah 2013, Chapter 412
744 **48-1d-1041**, as last amended by Laws of Utah 2015, Chapter 227
745 **48-1d-1042**, as last amended by Laws of Utah 2015, Chapter 227
746 **48-1d-1043**, as last amended by Laws of Utah 2015, Chapter 227
747 **48-1d-1044**, as last amended by Laws of Utah 2015, Chapter 227
748 **48-1d-1045**, as enacted by Laws of Utah 2013, Chapter 412
749 **48-1d-1046**, as last amended by Laws of Utah 2015, Chapter 227
750 **48-1d-1051**, as enacted by Laws of Utah 2013, Chapter 412
751 **48-1d-1052**, as enacted by Laws of Utah 2013, Chapter 412
752 **48-1d-1053**, as enacted by Laws of Utah 2013, Chapter 412
753 **48-1d-1054**, as enacted by Laws of Utah 2013, Chapter 412
754 **48-1d-1055**, as enacted by Laws of Utah 2013, Chapter 412
755 **48-1d-1056**, as enacted by Laws of Utah 2013, Chapter 412
756 **48-1d-1103**, as last amended by Laws of Utah 2024, Chapter 232
757 **48-1d-1104**, as enacted by Laws of Utah 2013, Chapter 412
758 **48-1d-1105**, as last amended by Laws of Utah 2023, Chapter 458
759 **48-1d-1106**, as enacted by Laws of Utah 2013, Chapter 412
760 **48-1d-1107**, as enacted by Laws of Utah 2013, Chapter 412
761 **48-1d-1108**, as enacted by Laws of Utah 2013, Chapter 412
762 **48-1d-1109**, as enacted by Laws of Utah 2013, Chapter 412
763 **48-1d-1201**, as enacted by Laws of Utah 2013, Chapter 412
764 **48-1d-1202**, as enacted by Laws of Utah 2013, Chapter 412
765 **48-1d-1203**, as enacted by Laws of Utah 2013, Chapter 412
766 **48-1d-1204**, as enacted by Laws of Utah 2013, Chapter 412
767 **48-1d-1205**, as enacted by Laws of Utah 2013, Chapter 412
768 **48-1d-1206**, as enacted by Laws of Utah 2013, Chapter 412
769 **48-1d-1207**, as enacted by Laws of Utah 2013, Chapter 412
770 **48-1d-1208**, as enacted by Laws of Utah 2013, Chapter 412
771 **48-1d-1209**, as enacted by Laws of Utah 2013, Chapter 412
772 **48-1d-1210**, as enacted by Laws of Utah 2013, Chapter 412
773 **48-1d-1303**, as enacted by Laws of Utah 2013, Chapter 412
774 **48-2e-108**, as last amended by Laws of Utah 2023, Chapter 458

775 **48-2e-109**, as enacted by Laws of Utah 2013, Chapter 412
776 **48-2e-110**, as enacted by Laws of Utah 2013, Chapter 412
777 **48-2e-111**, as enacted by Laws of Utah 2013, Chapter 412
778 **48-2e-203**, as enacted by Laws of Utah 2013, Chapter 412
779 **48-2e-204**, as last amended by Laws of Utah 2023, Chapter 401
780 **48-2e-205**, as last amended by Laws of Utah 2015, Chapter 227
781 **48-2e-206**, as enacted by Laws of Utah 2013, Chapter 412
782 **48-2e-207**, as enacted by Laws of Utah 2013, Chapter 412
783 **48-2e-208**, as enacted by Laws of Utah 2013, Chapter 412
784 **48-2e-209**, as last amended by Laws of Utah 2023, Chapter 401
785 **48-2e-210**, as enacted by Laws of Utah 2013, Chapter 412
786 **48-2e-211**, as last amended by Laws of Utah 2018, Chapter 149
787 **48-2e-212**, as enacted by Laws of Utah 2013, Chapter 412
788 **48-2e-811**, as last amended by Laws of Utah 2024, Chapter 232
789 **48-2e-812**, as enacted by Laws of Utah 2013, Chapter 412
790 **48-2e-901**, as enacted by Laws of Utah 2013, Chapter 412
791 **48-2e-902**, as enacted by Laws of Utah 2013, Chapter 412
792 **48-2e-903**, as enacted by Laws of Utah 2013, Chapter 412
793 **48-2e-904**, as enacted by Laws of Utah 2013, Chapter 412
794 **48-2e-905**, as enacted by Laws of Utah 2013, Chapter 412
795 **48-2e-906**, as enacted by Laws of Utah 2013, Chapter 412
796 **48-2e-907**, as enacted by Laws of Utah 2013, Chapter 412
797 **48-2e-908**, as enacted by Laws of Utah 2013, Chapter 412
798 **48-2e-909**, as enacted by Laws of Utah 2013, Chapter 412
799 **48-2e-910**, as enacted by Laws of Utah 2013, Chapter 412
800 **48-2e-1101**, as enacted by Laws of Utah 2013, Chapter 412
801 **48-2e-1102**, as enacted by Laws of Utah 2013, Chapter 412
802 **48-2e-1103**, as last amended by Laws of Utah 2023, Chapter 401
803 **48-2e-1104**, as enacted by Laws of Utah 2013, Chapter 412
804 **48-2e-1105**, as enacted by Laws of Utah 2013, Chapter 412
805 **48-2e-1106**, as enacted by Laws of Utah 2013, Chapter 412
806 **48-2e-1107**, as enacted by Laws of Utah 2013, Chapter 412
807 **48-2e-1108**, as enacted by Laws of Utah 2013, Chapter 412
808 **48-2e-1121**, as enacted by Laws of Utah 2013, Chapter 412

809 **48-2e-1122**, as enacted by Laws of Utah 2013, Chapter 412
810 **48-2e-1123**, as enacted by Laws of Utah 2013, Chapter 412
811 **48-2e-1124**, as enacted by Laws of Utah 2013, Chapter 412
812 **48-2e-1125**, as enacted by Laws of Utah 2013, Chapter 412
813 **48-2e-1126**, as enacted by Laws of Utah 2013, Chapter 412
814 **48-2e-1131**, as enacted by Laws of Utah 2013, Chapter 412
815 **48-2e-1132**, as enacted by Laws of Utah 2013, Chapter 412
816 **48-2e-1133**, as enacted by Laws of Utah 2013, Chapter 412
817 **48-2e-1134**, as enacted by Laws of Utah 2013, Chapter 412
818 **48-2e-1135**, as enacted by Laws of Utah 2013, Chapter 412
819 **48-2e-1136**, as enacted by Laws of Utah 2013, Chapter 412
820 **48-2e-1141**, as last amended by Laws of Utah 2015, Chapter 227
821 **48-2e-1142**, as last amended by Laws of Utah 2015, Chapter 227
822 **48-2e-1143**, as last amended by Laws of Utah 2015, Chapter 227
823 **48-2e-1144**, as last amended by Laws of Utah 2015, Chapter 227
824 **48-2e-1145**, as enacted by Laws of Utah 2013, Chapter 412
825 **48-2e-1146**, as last amended by Laws of Utah 2015, Chapter 227
826 **48-2e-1151**, as enacted by Laws of Utah 2013, Chapter 412
827 **48-2e-1152**, as enacted by Laws of Utah 2013, Chapter 412
828 **48-2e-1153**, as enacted by Laws of Utah 2013, Chapter 412
829 **48-2e-1154**, as enacted by Laws of Utah 2013, Chapter 412
830 **48-2e-1155**, as enacted by Laws of Utah 2013, Chapter 412
831 **48-2e-1156**, as enacted by Laws of Utah 2013, Chapter 412
832 **48-3a-108**, as last amended by Laws of Utah 2023, Chapter 458
833 **48-3a-109**, as enacted by Laws of Utah 2013, Chapter 412
834 **48-3a-110**, as enacted by Laws of Utah 2013, Chapter 412
835 **48-3a-111**, as enacted by Laws of Utah 2013, Chapter 412
836 **48-3a-203**, as enacted by Laws of Utah 2013, Chapter 412
837 **48-3a-204**, as last amended by Laws of Utah 2023, Chapter 401
838 **48-3a-205**, as last amended by Laws of Utah 2015, Chapter 227
839 **48-3a-206**, as enacted by Laws of Utah 2013, Chapter 412
840 **48-3a-207**, as enacted by Laws of Utah 2013, Chapter 412
841 **48-3a-208**, as enacted by Laws of Utah 2013, Chapter 412
842 **48-3a-209**, as last amended by Laws of Utah 2023, Chapter 401

843 **48-3a-210**, as enacted by Laws of Utah 2013, Chapter 412
844 **48-3a-211**, as last amended by Laws of Utah 2018, Chapter 149
845 **48-3a-212**, as enacted by Laws of Utah 2013, Chapter 412
846 **48-3a-708**, as enacted by Laws of Utah 2013, Chapter 412
847 **48-3a-709**, as last amended by Laws of Utah 2024, Chapter 232
848 **48-3a-710**, as enacted by Laws of Utah 2013, Chapter 412
849 **48-3a-901**, as enacted by Laws of Utah 2013, Chapter 412
850 **48-3a-902**, as enacted by Laws of Utah 2013, Chapter 412
851 **48-3a-903**, as enacted by Laws of Utah 2013, Chapter 412
852 **48-3a-904**, as enacted by Laws of Utah 2013, Chapter 412
853 **48-3a-905**, as enacted by Laws of Utah 2013, Chapter 412
854 **48-3a-906**, as enacted by Laws of Utah 2013, Chapter 412
855 **48-3a-907**, as enacted by Laws of Utah 2013, Chapter 412
856 **48-3a-908**, as enacted by Laws of Utah 2013, Chapter 412
857 **48-3a-909**, as enacted by Laws of Utah 2013, Chapter 412
858 **48-3a-910**, as enacted by Laws of Utah 2013, Chapter 412
859 **48-3a-911**, as enacted by Laws of Utah 2013, Chapter 412
860 **48-3a-912**, as enacted by Laws of Utah 2013, Chapter 412
861 **48-3a-1001**, as enacted by Laws of Utah 2013, Chapter 412
862 **48-3a-1002**, as enacted by Laws of Utah 2013, Chapter 412
863 **48-3a-1003**, as last amended by Laws of Utah 2023, Chapter 401
864 **48-3a-1004**, as enacted by Laws of Utah 2013, Chapter 412
865 **48-3a-1005**, as enacted by Laws of Utah 2013, Chapter 412
866 **48-3a-1006**, as enacted by Laws of Utah 2013, Chapter 412
867 **48-3a-1007**, as enacted by Laws of Utah 2013, Chapter 412
868 **48-3a-1008**, as enacted by Laws of Utah 2013, Chapter 412
869 **48-3a-1021**, as enacted by Laws of Utah 2013, Chapter 412
870 **48-3a-1022**, as enacted by Laws of Utah 2013, Chapter 412
871 **48-3a-1023**, as enacted by Laws of Utah 2013, Chapter 412
872 **48-3a-1024**, as enacted by Laws of Utah 2013, Chapter 412
873 **48-3a-1025**, as enacted by Laws of Utah 2013, Chapter 412
874 **48-3a-1026**, as enacted by Laws of Utah 2013, Chapter 412
875 **48-3a-1031**, as enacted by Laws of Utah 2013, Chapter 412
876 **48-3a-1032**, as enacted by Laws of Utah 2013, Chapter 412

877 **48-3a-1033**, as enacted by Laws of Utah 2013, Chapter 412
 878 **48-3a-1034**, as enacted by Laws of Utah 2013, Chapter 412
 879 **48-3a-1035**, as enacted by Laws of Utah 2013, Chapter 412
 880 **48-3a-1036**, as enacted by Laws of Utah 2013, Chapter 412
 881 **48-3a-1041**, as last amended by Laws of Utah 2015, Chapter 227
 882 **48-3a-1042**, as last amended by Laws of Utah 2015, Chapter 227
 883 **48-3a-1043**, as last amended by Laws of Utah 2015, Chapter 227
 884 **48-3a-1044**, as last amended by Laws of Utah 2015, Chapter 227
 885 **48-3a-1045**, as enacted by Laws of Utah 2013, Chapter 412
 886 **48-3a-1046**, as last amended by Laws of Utah 2015, Chapter 227
 887 **48-3a-1051**, as enacted by Laws of Utah 2013, Chapter 412
 888 **48-3a-1052**, as enacted by Laws of Utah 2013, Chapter 412
 889 **48-3a-1053**, as enacted by Laws of Utah 2013, Chapter 412
 890 **48-3a-1054**, as enacted by Laws of Utah 2013, Chapter 412
 891 **48-3a-1055**, as enacted by Laws of Utah 2013, Chapter 412
 892 **48-3a-1056**, as enacted by Laws of Utah 2013, Chapter 412
 893 **48-4-105**, as enacted by Laws of Utah 2018, Chapter 201
 894 **48-5-105**, as last amended by Laws of Utah 2024, Chapter 161
 895 **48-5-107**, as enacted by Laws of Utah 2023, Chapter 85
 896 **48-5-108**, as enacted by Laws of Utah 2023, Chapter 85
 897 **48-5-204**, as enacted by Laws of Utah 2023, Chapter 85

898

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

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

901

Part 1. General Provisions

902 **13-1a-101 . Definitions.**

903 As used in this chapter:

904 (1) "Director" means the director of the division appointed in accordance with Section

905 13-1a-103.

906 (2) "Division" means the Division of Corporations and Commercial Code created in Section

907 13-1a-102.

908 (3) "Executive director" means the executive director of the Department of Commerce

909 appointed under Section 13-1-3.

910 Section 2. Section **13-1a-102**, which is renumbered from Section 13-1a-1 is renumbered

911 and amended to read:

912 **[13-1a-1] 13-1a-102 . Creation of division -- Responsibilities.**

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

916 (2) The division shall administer:

917 (a) Section 41-12a-505;

918 (b) Section 56-1-3;

919 (c) Section 56-1-10;

920 (d) Section 63G-7-401;

921 (e) Title 3, Chapter 1, General Provisions Relating to Agricultural Cooperative
922 Associations;

923 (f) Title 16, Business Entities;

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

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

927 (i) Title 70A, Uniform Commercial Code.

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

930 **[13-1a-2] 13-1a-103 . Director to supervise division -- Appointment.**

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

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

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

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

937 **[13-1a-3] 13-1a-104 . Employment and compensation of personnel --**
938 **Compensation of director.**

939 (1) The director, with the approval of the executive director, may employ personnel
940 necessary to carry out the duties and responsibilities of the division at salaries [
941 ~~established by~~]the executive director establishes according to standards [~~established by~~]
942 that the Division of Human Resource Management establishes.[-]

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

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

947 **~~[13-1a-4]~~ 13-1a-105 . Annual budget.**

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

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

953 **~~[13-1a-5]~~ 13-1a-106 . Authority of director.**

954 The director ~~[has authority]~~ may:

- 955 (1) ~~[to]~~make rules in accordance with Title 63G, Chapter 3, Utah Administrative
956 Rulemaking Act, to administer the responsibilities of the division;
- 957 (2) ~~[to]~~investigate, upon receiving a complaint, the corporation and commercial code
958 filings and compliance governed by ~~[the laws administered and enforced by the division]~~
959 a law the division administers and enforces; ~~[-and]~~
- 960 ~~[(3) under the provisions of Title 63G, Chapter 4, Administrative Procedures Act, to take~~
961 ~~administrative action against persons in violation of the division rules and the laws~~
962 ~~administered by it, including the issuance of cease and desist orders.]~~
- 963 (3) bring an administrative or civil action in a court with jurisdiction;
- 964 (4) in accordance with Title 63G, Chapter 4, Administrative Procedures Act:
- 965 (a) take administrative action against a person that violates a division rule or a law that
966 the division administers, including issuing a cease and desist order; and
- 967 (b) hold or cause to be held administrative hearings regarding a matter affecting:
- 968 (i) the division; or
- 969 (ii) the incorporation or registration activities of a business governed by a law
970 administered by the division;
- 971 (5) for a purpose described in this chapter or any chapter the division administers:
- 972 (a) administer an oath;
- 973 (b) issue a subpoena;
- 974 (c) compel the attendance of a witness; and
- 975 (d) compel the production of papers, books, accounts, documents, and evidence; and
- 976 (6) designate an individual to carry out an action described in Subsection (5).

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

979 ~~[13-1a-6]~~ **13-1a-107 . Powers of Division of Corporations and Commercial Code**
 980 **-- Document retention.**

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

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

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

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

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

995 (4)(a) The division shall offer to sell or license to the public on a nonexclusive basis, in
 996 bulk or through subscription, copies of each filed record in every medium available
 997 to the office.

998 (b) The division may charge a fee for subscription data services and bulk data sales in
 999 accordance with Section 63J-1-504.

1000 Section 8. Section **13-1a-108**, which is renumbered from Section 13-1a-7 is renumbered
 1001 and amended to read:

1002 ~~[13-1a-7]~~ **13-1a-108 . Hearing powers.**

1003 (1) The director, in accordance with Title 63G, Chapter 4, Administrative Procedures Act,
 1004 may hold or cause to be held an administrative [hearings] hearing regarding ~~[any]~~ a
 1005 matter affecting the division or the incorporation or registration activities of [any] a
 1006 business governed by the laws [administered by]the division administers.

1007 (2) The director or the director's designee, for the purposes outlined in this chapter or ~~[any]~~ a
 1008 chapter administered by the division, may administer oaths, issue subpoenas, compel the
 1009 attendance of witnesses, and compel the production of papers, books, accounts,
 1010 documents, and evidence.

1011 Section 9. Section **13-1a-109**, which is renumbered from Section 13-1a-8 is renumbered
 1012 and amended to read:

1013 **~~[13-1a-8]~~ 13-1a-109 . Violation of an administrative order, a restraining order, or**
 1014 **an injunctive order -- Civil penalty.**

1015 If ~~[any]~~ a person violates an administrative order, a restraining order, or an injunction [
 1016 ~~issued]~~ that the division issues under this chapter [~~is violated,]~~ and the person receives notice of
 1017 the administrative order, restraining order, or injunction, the division may submit a motion for,
 1018 or ~~[the court on its own motion]~~ a court with jurisdiction may impose, a civil penalty of not
 1019 more than \$100 for each day a person violates an administrative order, a restraining order,
 1020 preliminary injunction, or permanent injunction [~~issued]~~ that the division issues under this
 1021 chapter~~[is violated, if the party has received notice of the restraining order or injunction].~~

1022 Section 10. Section **13-1a-110**, which is renumbered from Section 13-1a-9 is renumbered
 1023 and amended to read:

1024 **~~[13-1a-9]~~ 13-1a-110 . Fees of Division of Corporations and Commercial Code.**

- 1025 (1) In addition to the fees [~~prescribed by]~~ described in Title 16, Chapter 6a, Utah
 1026 Revised Nonprofit Corporation Act, and Title 16, Chapter 10a, Utah Revised Business
 1027 Corporation Act, the [~~Division of Corporations and Commercial Code]~~ division shall
 1028 receive and determine fees [~~pursuant to]~~ in accordance with Section 63J-1-504 for filing
 1029 articles of incorporation or amendments [~~of]~~ for:
- 1030 (a) [~~insurance corporations,]~~ an insurance corporation;
 1031 (b) [~~of]~~ a canal or irrigation [~~corporations]~~ corporation organized for furnishing water to
 1032 lands owned exclusively by the members [~~thereof exclusively,]~~ of the canal or
 1033 irrigation corporation; or
- 1034 (c) [~~of]~~ a water users' [associations-] association:
 1035 (i) organized in conformity with the requirements of the United States under the
 1036 Reclamation Act of June 17, 1902[;] ; and
 1037 (ii) [~~which are]~~ that is authorized to furnish water only to [~~their]~~ the water users'
 1038 association's stockholders.

- 1039 (2) [~~No]~~ The division may not impose a license fee [~~may be imposed on insurance~~
 1040 ~~corporations, canal or irrigation corporations organized for furnishing water to lands~~
 1041 ~~owned by the members thereof exclusively, or water users' associations organized in~~
 1042 ~~conformity with the requirements of the United States under the Reclamation Act of~~
 1043 ~~June 17, 1902, and which are authorized to furnish water only to the stockholders]~~ on an
 1044 entity described in Subsections (1)(a) through (c) at the time [~~any such corporation-]~~ the
 1045 entity files [~~its]~~ the entity's articles of incorporation, articles of amendment increasing the
 1046 number of authorized shares, or articles of merger or consolidation~~[, any provision of~~

1047 ~~Title 16, Chapter 10a, Utah Revised Business Corporation Act, to the contrary~~
1048 ~~notwithstanding].~~

1049 Section 11. Section **16-1a-101** is enacted to read:

1050 **TITLE 16. Business Entities**

1051 **CHAPTER 1a. Provisions Applicable to All Business Entities**

1052 **Part 1. General Provisions**

1053 **16-1a-101 . Definitions.**

1054 As used in this chapter:

1055 (1)(a) "Acquired entity" means an entity acquired by another entity in an interest
1056 exchange.

1057 (b) "Acquired entity" includes all of one or more classes or series of interests belonging
1058 to the entity that the other entity acquires.

1059 (2) "Acquiring entity" means the entity that acquires all of one or more classes or series of
1060 interests of the acquired entity in an interest exchange.

1061 (3)(a) "Address" means a location where the United States Postal Service may deliver
1062 mail.

1063 (b) "Address" includes:

1064 (i) a post office box number;

1065 (ii) a rural free delivery route number; and

1066 (iii) a street name and number.

1067 (4) "Appointment of agent" means a statement appointing an agent for service of process
1068 filed by a domestic filing entity, a registered foreign entity, or a D.B.A. registered under
1069 Title 42, Chapter 2, Conducting Business as a D.B.A.

1070 (5) "Approve" means an entity's governors and interest holders taking steps required under
1071 the entity's organic rules, organic law, and other law to:

1072 (a) propose a transaction subject to this title;

1073 (b) adopt and approve the terms and conditions of the transaction; and

1074 (c) conduct required proceedings or otherwise obtain a required vote or consent of the
1075 governors or interest holders.

1076 (6)(a) "Articles of incorporation" means a document that a person files to establish a
1077 domestic corporation.

1078 (b) "Articles of incorporation" includes:

1079 (i) amended articles of incorporation;

- 1080 (ii) restated articles of incorporation;
1081 (iii) articles of merger; and
1082 (iv) a substantially similar document to the documents described in Subsections
1083 (6)(b)(i) through (iii).
- 1084 (7) "Assumed corporate name" means the same as that term is defined in Section
1085 16-10a-102.
- 1086 (8) "Beneficiary" means a person holding a certificate representing a beneficial interest in a
1087 trust estate and assets.
- 1088 (9) "Benefit company" means a limited liability company that elects to become subject to
1089 Chapter 21, Benefit Limited Liability Company Act, and the business corporation's
1090 status as a benefit company has not terminated.
- 1091 (10) "Benefit corporation" means a business corporation that elects to become subject to
1092 Chapter 10b, Benefit Corporation Act, and the status of the business corporation as a
1093 benefit corporation has not terminated.
- 1094 (11)(a) "Board of directors" means the body authorized to manage the affairs of a
1095 domestic corporation or a foreign corporation.
- 1096 (b) "Board of directors" does not include an individual who is delegated power under
1097 Subsection 16-6a-801(2) or 16-10a-801(2).
- 1098 (12) "Business corporation" means a corporation formed under:
- 1099 (a) Chapter 10a, Utah Revised Business Corporation Act;
1100 (b) Chapter 10b, Benefit Corporation Act; or
1101 (c) Chapter 11, Professional Corporation Act.
- 1102 (13) "Business trust" means an entity:
- 1103 (a) engaged in a trade or business; and
1104 (b) created by a declaration of trust that transfers property to trustees, that the trustees
1105 will hold and manage for the benefit of one or more beneficiary.
- 1106 (14)(a) "Bylaws" means:
- 1107 (i) one or more code of rules, other than the articles of incorporation, adopted under
1108 this title, for the regulation or management of the affairs of a domestic corporation
1109 or foreign corporation;
- 1110 (ii) the procedural rules and regulations that govern:
- 1111 (A) a decentralized autonomous organization organized under Chapter 22,
1112 Decentralized Autonomous Organization Act; and
1113 (B) the interaction of the decentralized autonomous organization's members and

- 1114 participants; or
- 1115 (iii) the articles of organization of a limited cooperative association required by
- 1116 Section 16-16-302.
- 1117 (b) "Bylaws" includes amended bylaws and restated bylaws.
- 1118 (15)(a) "Certificate of limited partnership" means a document a person files to establish
- 1119 a domestic limited partnership.
- 1120 (b) "Certificate of limited partnership" includes the certificate of limited partnership as
- 1121 amended or restated.
- 1122 (16)(a) "Certificate of organization" means a document a person files to establish a
- 1123 domestic limited liability company.
- 1124 (b) "Certificate of organization" includes a certificate of organization as amended or
- 1125 restated.
- 1126 (17) "Class" means a group of memberships with a right that, with respect to voting,
- 1127 dissolution, redemption, transfer, or other similar characteristics, is determined to be the
- 1128 same right by using a formula applied uniformly to a group of memberships.
- 1129 (18) "Commercial registered agent" means an individual or a domestic entity or foreign
- 1130 entity described in Section 16-1a-405.
- 1131 (19) "Contribution" means a property or a benefit described in Section 16-18-501,
- 1132 16-19-501, or 16-20-402 or Chapter 16, Part 10, Contributions, Allocations, and
- 1133 Distributions, that a person provides to a limited liability company, limited partnership,
- 1134 partnership, or limited cooperative association.
- 1135 (20) "Control" means the direct or indirect possession of the power to direct or cause the
- 1136 direction of the management and policies of an entity, whether through the ownership of
- 1137 voting shares, by contract, or other means.
- 1138 (21) "Conversion" means a transaction described in Part 9, Conversion.
- 1139 (22) "Converted entity" means a converting entity as the converting entity continues in
- 1140 existence after a conversion.
- 1141 (23) "Converting entity" means:
- 1142 (a) a domestic entity that approves a plan of conversion in accordance with Section
- 1143 16-1a-904; or
- 1144 (b) a foreign entity that approves a conversion in accordance with the law of the foreign
- 1145 entity's jurisdiction of formation.
- 1146 (24) "Cooperative" means a limited cooperative association or an entity organized under a
- 1147 cooperative law of a jurisdiction.

- 1148 (25) "Cooperative nonprofit corporation" means a nonprofit corporation organized or
1149 existing under Section 16-6a-207.
- 1150 (26) "Corporate name" means:
- 1151 (a) the name of a domestic corporation or a domestic nonprofit corporation as stated in
1152 the domestic corporation's or domestic nonprofit corporation's articles of
1153 incorporation; or
- 1154 (b) the name of a foreign corporation or a foreign nonprofit corporation as stated in the
1155 foreign corporation's or foreign nonprofit corporation's articles of incorporation.
- 1156 (27) "Corporation" means a nonprofit corporation or a business corporation.
- 1157 (28) "D.B.A." means a name that complies with the requirements of Title 42, Chapter 2,
1158 Conducting Business as a D.B.A.
- 1159 (29) "Decentralized autonomous organization" means the same as that term is defined in
1160 Section 16-22-101.
- 1161 (30) "Delegate" means a person elected or appointed to vote in a representative assembly:
- 1162 (a) for the election of a director; or
- 1163 (b) on a matter other than the election of a director.
- 1164 (31) "Designation of agent" means a statement designating a registered agent delivered to
1165 the division for filing in accordance with Section 16-1a-411 by a nonregistered foreign
1166 entity or a nonfiling domestic entity.
- 1167 (32) "Director" means a member of the board of directors.
- 1168 (33)(a) "Distribution" means:
- 1169 (i) for an entity formed under Chapter 6a, Utah Revised Nonprofit Corporation Act,
1170 the payment of a dividend or a part of the income or profit of a nonprofit
1171 corporation to the nonprofit corporation's members, directors, or officers;
- 1172 (ii) for an entity formed under Chapter 16, Uniform Limited Cooperative Association
1173 Act, except as provided in Subsection 16-16-1007(5), a transfer of money or other
1174 property from a limited cooperative association to a member because of the
1175 member's financial rights or to a transferee of a member's financial rights; or
- 1176 (iii) for an entity formed under Chapter 18, Utah Uniform Partnership Act, through
1177 Chapter 22, Decentralized Autonomous Organization Act, a transfer of money or
1178 other property from a limited liability company, limited partnership, or partnership
1179 to a person because of a transferable interest or in the person's capacity as a
1180 member.
- 1181 (b) "Distribution" includes:

- 1182 (i) a redemption or other purchase by a limited liability company, limited partnership,
1183 or partnership of a transferable interest; and
- 1184 (ii) a transfer to a member or partner in return for the member's or partner's
1185 relinquishing any right:
- 1186 (A) to participate as a member or partner in the management or conduct of the
1187 entity's activities and affairs; or
- 1188 (B) to have access to a record or other information concerning the entity's
1189 activities and affairs.
- 1190 (c) "Distribution" does not include:
- 1191 (i) a fair-value payment for a good sold or a service received;
- 1192 (ii) reasonable compensation for present or past service; or
- 1193 (iii) a payment made in the ordinary course of business under a bona fide retirement
1194 plan or other bona fide benefits program.
- 1195 (34) "Distributional interest" means a person's right under an unincorporated entity's
1196 organic law and organic rules to receive distributions from the unincorporated entity.
- 1197 (35) "Division" means the Division of Corporations and Commercial Code established by
1198 Section 13-1a-102.
- 1199 (36) "Domestic" means, with respect to an entity, that the laws of this state govern the
1200 entity's internal affairs.
- 1201 (37) "Domestic entity" means an entity whose internal affairs are governed by the laws of
1202 this state.
- 1203 (38) "Domesticated entity" means a domesticating entity as the domesticating entity
1204 continues in existence after a domestication.
- 1205 (39) "Domesticating entity" means:
- 1206 (a) a domestic entity that approves a plan of domestication in accordance with Section
1207 16-1a-1004; or
- 1208 (b) a foreign entity that approves a domestication in accordance with the law of the
1209 foreign entity's jurisdiction of formation.
- 1210 (40) "Domestication" means a transaction authorized under Part 10, Domestication.
- 1211 (41)(a) "Entity" means:
- 1212 (i) a business corporation;
- 1213 (ii) a nonprofit corporation;
- 1214 (iii) a partnership;
- 1215 (iv) a decentralized autonomous organization;

- 1216 (v) a limited liability partnership;
1217 (vi) a limited partnership;
1218 (vii) a limited liability limited partnership;
1219 (viii) a limited liability company;
1220 (ix) a limited cooperative association;
1221 (x) an unincorporated nonprofit association;
1222 (xi) a statutory trust, business trust, or common-law business trust; or
1223 (xii) another person that has:
1224 (A) a legal existence separate from an interest holder of that person; or
1225 (B) the power to acquire an interest in real property in the person's own name.
1226 (b) "Entity" does not include:
1227 (i) an individual;
1228 (ii) a trust with a predominantly donative purpose;
1229 (iii) a charitable trust;
1230 (iv) an association or relationship that is not a partnership solely by reason of
1231 Subsection 16-18-202(3) or a similar provision of the law of another jurisdiction;
1232 (v) a decedent's estate; or
1233 (vi) a government or a governmental subdivision, agency, or instrumentality.
1234 (42) "Filing entity" means an entity that is created by the filing of a public organic
1235 document.
1236 (43)(a) "Financial right" means the right to participate in an allocation and distribution
1237 as provided in Chapter 16, Part 10, Contributions, Allocations, and Distributions.
1238 (b) "Financial right" does not include a right or obligation in a marketing contract as
1239 provided in Chapter 16, Part 7, Marketing Contracts.
1240 (44) "Foreign entity" means an entity whose internal affairs are governed by the laws of
1241 another state, tribe, or country.
1242 (45) "Foreign registration statement" means a document filed to allow a foreign entity
1243 ability to transact business in this state.
1244 (46) "General partner" means the same as that term is defined in Section 16-19-101.
1245 (47) "Governance interest" means, for a person other than a governor, an agent, an assignee,
1246 or a proxy, the right under the organic law or organic rules of an entity to:
1247 (a) receive or demand access to information concerning:
1248 (i) the entity; or
1249 (ii) the books and records of the entity; or

- 1250 (b) receive notice of or vote on one or more issues involving the internal affair of the
1251 entity.
- 1252 (48) "Governance right" means the right to participate in the governance of a limited
1253 cooperative association.
- 1254 (49) "Governor" means:
- 1255 (a) a director of a business corporation;
1256 (b) a director or trustee of a nonprofit corporation;
1257 (c) a general partner of a partnership;
1258 (d) a general partner of a limited partnership;
1259 (e) a manager of a manager-managed limited liability company;
1260 (f) a member of a member-managed limited liability company;
1261 (g) a director of a limited cooperative association;
1262 (h) a manager of an unincorporated nonprofit association;
1263 (i) a trustee of a statutory trust, business trust, or common-law business trust; or
1264 (j) any other person:
- 1265 (i) under whose authority a person may exercise the powers of an entity; or
1266 (ii) under whose direction a person manages the activities and affairs of the entity in
1267 accordance with the organic law and organic rules of the entity.
- 1268 (50) "Interest" means a:
- 1269 (a) share in a business corporation;
1270 (b) membership in a nonprofit corporation;
1271 (c) partnership interest in a partnership;
1272 (d) partnership interest in a limited partnership;
1273 (e) membership interest in a limited liability company;
1274 (f) membership interest in a limited cooperative association;
1275 (g) member's interest in a limited cooperative association;
1276 (h) membership in an unincorporated nonprofit association;
1277 (i) beneficial interest in a statutory trust, business trust, or common-law business trust; or
1278 (j) governance interest or distributional interest in any other type of unincorporated
1279 entity.
- 1280 (51) "Interest exchange" means a transaction authorized in Part 8, Interest Exchange.
- 1281 (52) "Interest holder" means:
- 1282 (a) a shareholder of a business corporation;
1283 (b) a member of a nonprofit corporation;

- 1284 (c) a general partner of a partnership;
1285 (d) a general partner of a limited partnership;
1286 (e) a limited partner of a limited partnership;
1287 (f) a member of a limited liability company;
1288 (g) a member of a limited cooperative association;
1289 (h) a member of an unincorporated nonprofit association;
1290 (i) a beneficiary or beneficial owner of a statutory trust, business trust, or common-law
1291 business trust; or
1292 (j) any other direct holder of an interest.
- 1293 (53) "Interest holder liability" means:
1294 (a) personal liability for the liability of an entity that is imposed on a person:
1295 (i) as a direct result of the person's status as an interest holder; or
1296 (ii) by the organic rules of the entity that make one or more specified interest holders
1297 or categories of interest holders liable because of the interest holders' capacity as
1298 interest holders for all or specified liabilities of the entity; or
1299 (b) an obligation of an interest holder under the organic rules of the entity to contribute
1300 to the entity.
- 1301 (54) "Investor member" means a member that:
1302 (a)(i) makes a contribution to a limited cooperative association; and
1303 (ii) is not required by the organic rules to conduct patronage with the association in
1304 the member's capacity as an investor member in order to receive the member's
1305 interest; or
1306 (b) is not permitted by the organic rules to conduct patronage with the association in the
1307 member's capacity as an investor member in order to receive the member's interest.
- 1308 (55) "Jurisdiction of formation" means:
1309 (a) the jurisdiction under whose law an entity is formed; or
1310 (b) for a limited liability partnership or foreign limited liability partnership, the
1311 jurisdiction in which the partnership's statement of qualification is filed.
- 1312 (56) "Limited cooperative association" means an association organized under Chapter 16,
1313 Uniform Limited Cooperative Association Act.
- 1314 (57) "Limited liability company" means the same as that term is defined in Section
1315 16-20-101.
- 1316 (58) "Limited liability partnership" means the same as that term is defined in Section
1317 16-18-101.

- 1318 (59) "Limited partner" means the same as that term is defined in Section 16-19-101.
- 1319 (60) "Limited partnership" means the same as that term is defined in Section 16-19-101.
- 1320 (61) "Manager" means the same as that term is defined in Section 16-20-101.
- 1321 (62) "Manager-managed limited liability company" means the same as that term is defined
- 1322 in Section 16-20-101.
- 1323 (63)(a) "Member" means:
- 1324 (i) a person identified or appointed as a member:
- 1325 (A) in an entity's articles of incorporation;
- 1326 (B) in an entity's bylaws;
- 1327 (C) by a resolution of a board of directors; or
- 1328 (D) by a resolution of the members of a nonprofit corporation;
- 1329 (ii) for an entity formed under Chapter 16, Uniform Limited Cooperative Association
- 1330 Act, a person that is admitted as a patron member or investor member, or as both a
- 1331 patron member and investor member;
- 1332 (iii) for an entity formed under Chapter 20, Utah Revised Uniform Limited Liability
- 1333 Company Act, a person that owns part of the limited liability company but does
- 1334 not directly own the limited liability company's property; or
- 1335 (iv) for an entity formed under Chapter 22, Decentralized Autonomous Organization
- 1336 Act, a person with governance rights in a decentralized autonomous organization.
- 1337 (b) "Member" includes a voting member.
- 1338 (c) "Member" does not include:
- 1339 (i) an individual who involuntarily receives governance rights, unless that individual
- 1340 chooses to participate in governance by undertaking a governance behavior for a
- 1341 decentralized autonomous organization; or
- 1342 (ii) a person that dissociates as a member.
- 1343 (64) "Member-managed limited liability company" means a limited liability company that
- 1344 is not a manager-managed limited liability company.
- 1345 (65) "Member's interest" means the same as that term is defined in Section 16-16-102.
- 1346 (66) "Merger" means a transaction authorized under Part 7, Merger.
- 1347 (67) "Merging entity" means an entity that is a party to a merger and exists immediately
- 1348 before the merger becomes effective.
- 1349 (68) "Money" means:
- 1350 (a) legal tender;
- 1351 (b) a negotiable instrument; or

- 1352 (c) another cash equivalent readily convertible into legal tender.
- 1353 (69) "Noncommercial registered agent" means a person that is:
- 1354 (a) not listed as a commercial registered agent under Section 16-1a-405; and
- 1355 (b)(i) an individual, a domestic entity, or a foreign entity that serves in this state as
- 1356 the agent for service of process on an entity; or
- 1357 (ii) the individual who holds the office or other position in an entity who an entity
- 1358 designates as the agent for service of process in accordance with Section
- 1359 16-1a-404.
- 1360 (70) "Nonfiling domestic entity" means a domestic entity that is not a filing entity.
- 1361 (71) "Nonregistered foreign entity" means a foreign entity that is not a registered foreign
- 1362 entity.
- 1363 (72) "Nonresident LLP statement" means:
- 1364 (a) a statement of qualification of a domestic limited liability partnership that does not
- 1365 have an office in this state; or
- 1366 (b) a statement of foreign qualification of a foreign limited liability partnership that does
- 1367 not have an office in this state.
- 1368 (73) "Operating agreement" means the same as that term is defined in Section 16-20-101.
- 1369 (74) "Organic law" means the law of an entity's jurisdiction of formation that governs the
- 1370 internal affairs of the entity.
- 1371 (75) "Organic rules" means the public organic record and private organic rules of an entity.
- 1372 (76) "Partner" means a general partner or limited partner.
- 1373 (77) "Partnership" means the same as that term is defined in Section 16-18-101.
- 1374 (78) "Partnership agreement" means the same as that term is defined in Section 16-19-101.
- 1375 (79) "Patron member" means the same as that term is defined in Section 16-16-102.
- 1376 (80) "Patronage" means the same as that term is defined in Section 16-16-102.
- 1377 (81) "Plan of conversion" means a plan approved in accordance with Section 16-1a-904.
- 1378 (82) "Plan of domestication" means a plan approved in accordance with Section 16-1a-1004.
- 1379 (83) "Plan of interest exchange" means a plan approved in accordance with Section
- 1380 16-1a-804.
- 1381 (84) "Plan of merger" means a plan approved in accordance with Section 16-1a-704.
- 1382 (85)(a) "Private organic rules" means the rules whether in a record or not, that govern
- 1383 the internal affairs of an entity, that are binding on all the entity's interest holders.
- 1384 (b) "Private organic rules" includes the:
- 1385 (i) bylaws of a business corporation;

- 1386 (ii) bylaws of a nonprofit corporation;
1387 (iii) bylaws of a decentralized autonomous organization;
1388 (iv) partnership agreement of a partnership;
1389 (v) partnership agreement of a limited partnership;
1390 (vi) operating agreement of a limited liability company;
1391 (vii) bylaws of a limited cooperative association;
1392 (viii) governing principles of an unincorporated nonprofit association; and
1393 (ix) trust instrument of a statutory trust or similar rules of a business trust of
1394 common-law business trust.
- 1395 (86) "Professional corporation" means the same as that term is defined in Section 16-11-2.
1396 (87) "Protected agreement" means:
1397 (a) a record showing indebtedness and any related agreement in effect on January 1,
1398 2014;
1399 (b) an agreement that is binding on an entity on January 1, 2014;
1400 (c) the organic rules of an entity in effect on January 1, 2014; or
1401 (d) an agreement that is binding on any of the governors or interest holders of an entity
1402 on January 1, 2014.
- 1403 (88)(a) "Public organic record" means the record of the filing that the division makes to
1404 form an entity and any amendment to or restatement of that record.
1405 (b) "Public organic record" includes the:
1406 (i) articles of incorporation of a business corporation;
1407 (ii) articles of incorporation of a nonprofit corporation;
1408 (iii) certificate of limited partnership of a limited liability limited partnership;
1409 (iv) certificate of organization of a limited liability company;
1410 (v) certificate of organization for a decentralized autonomous organization;
1411 (vi) articles of organization of a limited cooperative association; and
1412 (vii) certificate of trust of a statutory trust or similar record of a business trust.
- 1413 (89) "Record" means information inscribed on a tangible medium or stored in an electronic
1414 or other medium that is retrievable in a perceivable form.
- 1415 (90) "Registered agent" means a person that an entity authorizes to receive service of a
1416 process, notice, or demand required or permitted by law to be served on the entity.
- 1417 (91) "Registered agent filing" means:
1418 (a) the public organic record of a domestic filing entity;
1419 (b) a statement of qualification of a domestic limited liability partnership;

- 1420 (c) a foreign registration statement filed in accordance with Section 16-1a-504; or
1421 (d) a designation of agent.
- 1422 (92) "Registered foreign entity" means a foreign entity that is registered to do business in
1423 this state in accordance with a record filed with the division.
- 1424 (93) "Registered office" means the office within this state designated by a domestic entity
1425 that is a corporation or a foreign entity that is a corporation as the domestic entity's or
1426 foreign entity's registered office in the most recent document on file with the division
1427 such as the domestic entity's or foreign entity's:
- 1428 (a) articles of incorporation;
1429 (b) application for a certificate of authority; or
1430 (c) notice of change of the registered office.
- 1431 (94) "Represented entity" means:
- 1432 (a) a domestic filing entity;
1433 (b) a registered foreign entity;
1434 (c) a domestic or foreign unincorporated nonprofit association for which a designation of
1435 agent is in effect;
1436 (d) a domestic nonfiling entity for which a designation of agent is in effect; or
1437 (e) a nonregistered foreign entity for which a designation of agent is in effect.
- 1438 (95) "Series" means a series created in accordance with Chapter 20, Part 11, Series Limited
1439 Liability Companies.
- 1440 (96) "Share" means:
- 1441 (a) for an entity organized under Chapter 6a, Utah Revised Nonprofit Corporation Act, a
1442 unit of interest in a nonprofit corporation; or
1443 (b) for an entity organized under Chapter 10a, Utah Revised Business Corporation Act,
1444 the unit into which the proprietary interest in a corporation is divided.
- 1445 (97) "Shareholder" means the same as that term is defined in Section 16-10a-102.
- 1446 (98) "Statement of conversion" means a statement described in Section 16-1a-906.
- 1447 (99) "Statement of domestication" means a statement described in Section 16-1a-1006.
- 1448 (100) "Statement of interest exchange" means a statement described in Section 16-1a-806.
- 1449 (101) "Statement of merger" means a statement described in Section 16-1a-706.
- 1450 (102) "Statement of qualification" means a document that a person files with the division to
1451 establish a domestic limited liability partnership or domestic general partnership.
- 1452 (103) "Surviving entity" means an entity that continues in existence after a merger or that is
1453 created by a merger.

- 1454 (104) "Transfer" means:
- 1455 (a) an assignment;
- 1456 (b) a conveyance;
- 1457 (c) a deed;
- 1458 (d) a sale;
- 1459 (e) a lease;
- 1460 (f) a mortgage;
- 1461 (g) a security interest;
- 1462 (h) an encumbrance;
- 1463 (i) a gift; or
- 1464 (j) a transfer by operation of law.
- 1465 (105) "Transferable interest" means the right under an entity's organic law to receive a
- 1466 distribution from an entity.
- 1467 (106) "Type of entity" means a generic form of entity:
- 1468 (a) recognized at common law; or
- 1469 (b) formed under an organic law.
- 1470 (107) "Voting member" means the same as that term is defined in Section 16-6a-102.
- 1471 Section 12. Section **16-1a-102** is enacted to read:
- 1472 **16-1a-102 . Certificate of existence or registration.**
- 1473 (1) Upon request of a person, the division shall issue a certificate of existence for a
- 1474 domestic filing entity or a certificate of registration for a registered foreign entity.
- 1475 (2) The division shall ensure that a certificate described in Subsection (1) states:
- 1476 (a) the domestic filing entity's name or the registered foreign entity's name used in the
- 1477 state;
- 1478 (b) for a domestic filing entity:
- 1479 (i) that the division has filed the domestic filing entity's public organic record or
- 1480 statement of qualification and the public organic record or statement of
- 1481 qualification has taken effect;
- 1482 (ii) the date the public organic record or statement of qualification took effect;
- 1483 (iii) the period of the entity's duration if the records of the division reflect that the
- 1484 entity's period of duration is less than perpetual; and
- 1485 (iv) that the records of the division do not reflect that the entity has been dissolved;
- 1486 (c) for a registered foreign entity, that the registered foreign entity is registered to do
- 1487 business in this state;

- 1488 (d) that the domestic filing entity or the registered foreign entity pays all fees, taxes,
 1489 interest, and penalties collected by the division that the domestic filing entity or
 1490 registered foreign entity owes to the state if:
 1491 (i) the division's records reflect the domestic filing entity's or the registered foreign
 1492 entity's payment of the fee, tax, interest, or penalty; and
 1493 (ii) nonpayment of the fees, taxes, interest, and penalties affects the good standing or
 1494 registration of the domestic filing entity or the registered foreign entity;
 1495 (e) that domestic filing entity or the registered foreign entity has delivered to the division
 1496 for filing the most recent annual report required by the division;
 1497 (f) that a proceeding is not pending under Part 6, Administrative Dissolution; and
 1498 (g) other reasonable facts contained in the division's records relating to the domestic
 1499 filing entity or the registered foreign entity that the person requesting the certificate
 1500 requests.
 1501 (3) Subject to a qualification stated in the certificate of existence or registration, a person
 1502 may rely on the facts stated in the certificate of existence or registration issued by the
 1503 division under Subsection (1) as conclusive evidence of the facts stated in the certificate
 1504 of existence or registration.

1505 Section 13. Section **16-1a-201** is enacted to read:

1506 **Part 2. Filing Requirements**

1507 **16-1a-201 . Definitions.**

1508 Reserved.

1509 Section 14. Section **16-1a-202** is enacted to read:

1510 **16-1a-202 . Entity filing requirements.**

- 1511 (1) In order for the division to file an entity filing in accordance with this chapter, the
 1512 person delivering the entity filing to the division shall ensure that:
 1513 (a) the division receives the entity filing;
 1514 (b) the entity filing complies with this chapter;
 1515 (c) the entity filing contains, at a minimum, the information required by this chapter;
 1516 (d) subject to Subsection (2), the person delivers the entity filing to the division in
 1517 written form unless the division allows the electronic delivery of an entity filing;
 1518 (e) the words in the entity filing are in English;
 1519 (f) the numbers in the entity filing are Arabic or Roman numerals;
 1520 (g) if the name of the entity is not in English, the name of the entity appears in English
 1521 letters or Arabic or Roman numerals;

- 1522 (h) if applicable, a certificate of existence or registration required of a foreign entity that
1523 is not in English with a reasonably authenticated English translation accompanies the
1524 entity filing;
- 1525 (i) an individual authorized or required under this chapter to sign the entity filing, or an
1526 individual acting on the authorized or required individual's behalf, signs the entity
1527 filing; and
- 1528 (j) the entity filing states the name and capacity, if any, of each individual who signs the
1529 entity filing.
- 1530 (2) A person physically delivering an entity filing in written form shall ensure the entity
1531 filing is typewritten, computer generated, or machine printed.
- 1532 (3) If other applicable law prohibits the division from disclosing information contained in
1533 an entity filing, the division shall:
- 1534 (a) file the entity filing if the entity filing otherwise complies with this chapter; and
1535 (b) redact the information prohibited by law from disclosure.
- 1536 (4) When a person delivers an entity filing to the division for filing, the person shall pay a
1537 fee required under this chapter and any other fee, tax, interest, or penalty required by
1538 statute in a manner the division and applicable statute permit.

1539 Section 15. Section **16-1a-203** is enacted to read:

1540 **16-1a-203 . Forms.**

- 1541 (1) The division may provide forms for an entity filing required or permitted under this
1542 chapter.
- 1543 (2) A person making an entity filing is not required to use a form the division provides as
1544 described in Subsection (1).

1545 Section 16. Section **16-1a-204** is enacted to read:

1546 **16-1a-204 . Effective date and time of an entity filing.**

1547 Except as otherwise provided in this chapter, an entity filing is effective:

- 1548 (1) on the day and at the time the division files the entity filing;
- 1549 (2) on the day and at the time specified in the entity filing as the entity filing's effective
1550 time, if the date and time specified in the entity filing is later than the time described in
1551 Subsection (1), which may not be more than 90 days after the day on which the division
1552 files the entity filing; and
- 1553 (3) if the entity filing specifies a delayed effective date but does not specify a time, at 12:01
1554 a.m. on the day specified in the entity filing, which may not be more than 90 days after
1555 the day on which the division files the entity filing.

1556 Section 17. Section **16-1a-205** is enacted to read:

1557 **16-1a-205 . Withdrawal of an entity filing before effectiveness.**

- 1558 (1) Except as otherwise provided in this chapter, a person may withdraw an entity filing
1559 delivered to the division before the entity filing takes effect by delivering to the division
1560 for filing a statement of withdrawal.
- 1561 (2) A person creating and delivering to the division a statement of withdrawal shall ensure
1562 that:
- 1563 (a) subject to Subsection (2)(c), each person that signed the entity filing being
1564 withdrawn signs the statement of withdrawal;
- 1565 (b) the statement of withdrawal identifies the entity filing to be withdrawn; and
1566 (c) if the statement of withdrawal is signed by fewer than the total number of persons
1567 that signed the entity filing being withdrawn, the entity filing is withdrawn in
1568 accordance with the agreement of each person that signed the entity filing.
- 1569 (3) Once the division files the statement of withdrawal, the action or transaction evidenced
1570 by the original entity filing does not take effect.

1571 Section 18. Section **16-1a-206** is enacted to read:

1572 **16-1a-206 . Correcting an entity filing.**

- 1573 (1) A person may correct an entity filing if:
- 1574 (a) the entity filing, at the time of filing, was inaccurate;
1575 (b) the entity filing was defectively signed; or
1576 (c) the electronic transmission of the entity filing to the division was defective.
- 1577 (2) To correct an entity filing, a person, on behalf of which a person delivered an entity
1578 filing to the division for filing, shall deliver a statement of correction to the division for
1579 filing.
- 1580 (3) A statement of correction:
- 1581 (a) may not state a delayed effective date;
1582 (b) shall be signed by the person correcting the entity filing;
1583 (c) shall identify the entity filing to be corrected;
1584 (d) shall specify the inaccuracy or defect the statement of correction will correct; and
1585 (e) shall correct the inaccuracy or defect.
- 1586 (4) Except as provided in Subsection (5), a statement of correction is effective on the
1587 effective date of the entity filing that the statement of correction corrects.
- 1588 (5) If a person relies on the uncorrected entity filing and is adversely affected by the
1589 correction, the statement of correction is effective, as the statement of correction relates

1590 to the person, on the day on which the statement of correction is filed.

1591 Section 19. Section **16-1a-207** is enacted to read:

1592 **16-1a-207 . Duty of division to file -- Review of refusal to file.**

1593 (1) The division shall file an entity filing delivered to the division for filing in accordance
1594 with this chapter.

1595 (2) The duty of the division described in Subsection (1) is ministerial.

1596 (3) When the division files an entity filing, the division shall record the entity filing as filed
1597 on the date and time the division files the entity filing.

1598 (4) After filing an entity filing, the division shall deliver to the person making the entity
1599 filing a copy of the entity filing with an acknowledgment of the date and time of the
1600 filing.

1601 (5) If the division refuses to file an entity filing:

1602 (a) no later than 15 business days after the day on which the person making the entity
1603 filing delivers the entity filing to the division, the division shall:

1604 (i) return the entity filing to the person or notify the person of the refusal; and

1605 (ii) provide a brief explanation of the division's reason for refusing to file the entity
1606 filing; and

1607 (b) the person making the entity filing may within a time period the division specifies
1608 that may not exceed 30 days from the day on which the division provides notice
1609 under Subsection (5)(a) amend the entity filing for the division to reexamine the
1610 entity filing.

1611 (6) If the division refuses to file an entity filing after a reexamination completed in
1612 accordance with Subsection (5)(b), the person making the entity filing may appeal the
1613 division's final refusal in accordance with Title 63G, Chapter 4, Administrative
1614 Procedures Act.

1615 (7) The filing or refusal to file an entity filing does not:

1616 (a) affect the validity or invalidity of the entity filing in whole or in part; or

1617 (b) create a presumption that the information contained in the entity filing is correct or
1618 incorrect.

1619 (8) A certification from the division accompanying a copy of a filed record is conclusive
1620 evidence that the copy is an accurate representation of the original record on file with the
1621 division.

1622 Section 20. Section **16-1a-208** is enacted to read:

1623 **16-1a-208 . Signing of an entity filing.**

- 1624 (1) An individual, by signing an entity filing, affirms under penalty of perjury that the facts
 1625 stated in the filing are true in all material respects.
- 1626 (2) An agent may sign a record filed under this chapter.
- 1627 (3) If this chapter requires a particular individual to sign an entity filing and the individual
 1628 is deceased or incompetent, a legal representative of the individual may sign the entity
 1629 filing.
- 1630 (4) An individual that signs a record as an agent or legal representative shall affirm that the
 1631 individual is authorized to sign the record.

1632 Section 21. Section **16-1a-209** is enacted to read:

1633 **16-1a-209 . Signing and filing a record in accordance with a judicial order.**

- 1634 (1) If a person required under this chapter to sign or deliver a record to the division for
 1635 filing does not sign or deliver the record to the division for filing, a person adversely
 1636 affected by the person's failure to sign or deliver the record may petition a court to
 1637 require that:
- 1638 (a) the person sign the record;
- 1639 (b) the person deliver the record to the division for filing; or
- 1640 (c) the division file the record unsigned.
- 1641 (2) If a person that petitions a court under Subsection (1) is not the person to which the
 1642 record pertains, the person that petitions the court shall make the person to which the
 1643 record pertains a party to the action.

- 1644 (3) A record filed in accordance with Subsection (1)(c) is effective without being signed.

1645 Section 22. Section **16-1a-210** is enacted to read:

1646 **16-1a-210 . Liability for inaccurate information in a filed record.**

1647 If a record delivered to the division for filing in accordance with this chapter and filed
 1648 with the division contains inaccurate information, a person that suffers a loss by relying on the
 1649 information may recover damages for the loss from the person that:

- 1650 (1) signed the record or caused another person to sign the record on the person's behalf; and
- 1651 (2) knew at the time the person signed the record that the information was inaccurate.

1652 Section 23. Section **16-1a-211** is enacted to read:

1653 **16-1a-211 . Delivery by division.**

1654 Except as otherwise provided in this chapter, the division may deliver a record to a
 1655 person:

- 1656 (1) in person to the person that submitted the record for filing;
- 1657 (2) to the address of the person's registered agent;

1658 (3) to the person's principal office address; or

1659 (4) to another address the person provides to the division for delivery.

1660 Section 24. Section **16-1a-212** is enacted to read:

1661 **16-1a-212 . Annual report for division.**

1662 (1) As used in this section, "anniversary month" means the calendar month in which:

1663 (a) a domestic filing entity's formation becomes effective with the division; or

1664 (b) a registered foreign entity's application for authority to conduct affairs in this state
1665 takes effect.

1666 (2) Each domestic filing entity and registered foreign entity shall file an annual report with
1667 the division that includes:

1668 (a) the corporate name of the domestic filing entity or registered foreign entity;

1669 (b) if a registered foreign entity, any assumed corporate name of the registered foreign
1670 entity;

1671 (c) the jurisdiction under which law the domestic filing entity or registered foreign entity
1672 is organized or incorporated;

1673 (d) the information required by Subsection 16-1a-404(1);

1674 (e) the street address of the domestic filing entity's or the registered foreign entity's
1675 principal office; and

1676 (f) the name and address of each director and principal officer of the domestic filing
1677 entity or the registered foreign entity.

1678 (3) The division shall:

1679 (a) determine the form and process by which a domestic filing entity or registered
1680 foreign entity is required to file an annual report; and

1681 (b) deliver a copy of the form described in Subsection (3)(a) to each domestic filing
1682 entity and registered foreign entity.

1683 (4) The domestic filing entity or registered foreign entity shall ensure that information in
1684 the annual report is current as of the date the domestic filing entity or registered foreign
1685 entity executes the report.

1686 (5)(a) Unless the division specifies a different time period by rule made in accordance
1687 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, a domestic filing
1688 entity or registered foreign entity:

1689 (i) shall deliver an annual report to the division each calendar year on the last day of
1690 the anniversary month; and

1691 (ii) may deliver the annual report up to 60 days before the last day of the anniversary

- 1692 month.
- 1693 (b) A domestic filing entity or registered foreign entity does not violate the requirement
 1694 to submit an annual report if the domestic filing entity or registered foreign entity
 1695 provides evidence of the submission.
- 1696 (6) If an annual report contains the information required by this section, the division shall
 1697 file the annual report.
- 1698 (7) The fact that an individual's name is signed on an annual report form is prima facie
 1699 evidence for division purposes that the individual is authorized to certify the report on
 1700 behalf of the domestic filing entity or registered foreign entity.
- 1701 (8) The division may design the annual report form the division prescribes to provide a
 1702 simplified certification by the domestic filing entity or registered foreign entity if the
 1703 domestic filing entity or registered foreign entity has not made changes to the required
 1704 information from the last preceding report filed.
- 1705 (9) If an annual report contains the name or address of a registered agent that differs from
 1706 the information contained in the records of the division immediately before the annual
 1707 report becomes effective, the differing information in the annual report is considered a
 1708 statement of change under Section 16-1a-407.

1709 Section 25. Section **16-1a-301** is enacted to read:

1710 **Part 3. Names**

1711 **16-1a-301 . Definitions.**

1712 Reserved.

1713 Section 26. Section **16-1a-302** is enacted to read:

1714 **16-1a-302 . Permitted names.**

- 1715 (1) Except as provided in Subsection (3) or (4), the name of a domestic filing entity, the
 1716 name under which a foreign entity may register to do business in this state, and a D.B.A.
 1717 registered under Title 42, Chapter 2, Conducting Business as a D.B.A., shall be
 1718 distinguishable on the records of the division from a:
- 1719 (a) name of an existing domestic filing entity that at the time is not dissolved;
 1720 (b) name under which a foreign entity is registered to do business in this state under
 1721 Section 16-1a-503;
 1722 (c) D.B.A. registered under Title 42, Chapter 2, Conducting Business as a D.B.A.;
 1723 (d) name reserved under Section 16-1a-304; or
 1724 (e) name registered under Section 16-1a-305.
- 1725 (2) Except as otherwise provided in Subsection (4), a name is distinguishable from other

1726 names registered with the division if the name contains one or more different words,
1727 letters, or numerals from other names in the division's records.

1728 (3) The following differences do not qualify as distinguishing between two names:

1729 (a) the term:

1730 (i) "Assoc.";

1731 (ii) "association";

1732 (iii) "Assn.";

1733 (iv) "B.L.C.";

1734 (v) "B.L.L.C.";

1735 (vi) "benefit limited company";

1736 (vii) "benefit limited liability company";

1737 (viii) "BLC";

1738 (ix) "BLLC";

1739 (x) "Co.";

1740 (xi) "company";

1741 (xii) "co-op";

1742 (xiii) "coop";

1743 (xiv) "cooperative";

1744 (xv) "corp.";

1745 (xvi) "corporation";

1746 (xvii) "D.A.O";

1747 (xviii) "DAO";

1748 (xix) "decentralized autonomous organization";

1749 (xx) "Inc.";

1750 (xxi) "incorporated";

1751 (xxii) "L3C";

1752 (xxiii) "LC";

1753 (xxiv) "L.C.";

1754 (xxv) "L.C.A.";

1755 (xxvi) "L.D.";

1756 (xxvii) "L.DAO";

1757 (xxviii) "L.L.C.";

1758 (xxix) "L.L.D.";

1759 (xxx) "L.L.DAO";

1760 (xxxi) "L.L.P";
1761 (xxxii) "L.P.";
1762 (xxxiii) "LCA";
1763 (xxxiv) "limited";
1764 (xxxv) "Limited Co";
1765 (xxxvi) "limited company";
1766 (xxxvii) "limited cooperative association";
1767 (xxxviii) "limited decentralized autonomous organization";
1768 (xxxix) "limited liability company";
1769 (xl) "limited liability decentralized autonomous organization";
1770 (xli) "limited liability partnership";
1771 (xlii) "limited partnership";
1772 (xliii) "LD";
1773 (xliv) "LLC";
1774 (xlv) "LLD";
1775 (xlvi) "LLDAO";
1776 (xlvii) "LLP";
1777 (xlviii) "LP";
1778 (xlix) "Ltd.";
1779 (l) "Ltd Co";
1780 (li) "Ltd Company";
1781 (lii) "Ltd DAO";
1782 (liii) "Ltd Liability Co";
1783 (liv) "Ltd Liability Company";
1784 (lv) "Ltd Liability DAO";
1785 (lvi) "P.A.";
1786 (lvii) "P.C.";
1787 (lviii) "P.L.C.";
1788 (lix) "P.L.L.C";
1789 (lx) "PA";
1790 (lxi) "PC";
1791 (lxii) "PLC";
1792 (lxiii) "PLLC";
1793 (lxiv) "professional association";

- 1794 (lxv) "professional corporation";
1795 (lxvi) "professional limited liability company";
1796 (lxvii) "R.L.L.P.";
1797 (lxviii) "registered limited liability partnership"; or
1798 (lxix) "RLLP";
1799 (b) an abbreviation of a word listed in Subsection (3)(a);
1800 (c) the presence or absence of the words or symbols of the words:
1801 (i) "the";
1802 (ii) "and";
1803 (iii) "a"; or
1804 (iv) "plus";
1805 (d) a difference in punctuation, spacing, or special characters;
1806 (e) a difference in capitalization; and
1807 (f) for an entity's name described in Subsection (1) that formed in this state on or after
1808 May 4, 1998:
1809 (i) an abbreviation of a word or phrase; or
1810 (ii) a difference in the singular or plural form of a word.
1811 (4)(a) An entity may consent in a record to a person's use of a name that is not
1812 distinguishable on the records of the division from the entity's name if the name
1813 includes a term described in Subsection (3)(a).
1814 (b) If an entity consents to a person's use of a name in accordance with Subsection (4)(a),
1815 the entity is not required to change the entity's name.
1816 (5) An entity's name shall comply with Section 7-1-701.
1817 (6) An entity's name may not contain the words:
1818 (a) without the consent of the United States Olympic Committee:
1819 (i) "Olympic";
1820 (ii) "Olympiad"; or
1821 (iii) "Citius Altius Fortius";
1822 (b) for an entity's name described in Subsection (1) that an entity changes or forms on or
1823 after May 4, 2022, the number sequence "911"; or
1824 (c) without the consent of the Department of Financial Institutions, the words described
1825 in Section 7-1-701.
1826 (7) An entity may use a name that is not distinguishable from a name described in
1827 Subsection (1) if the entity delivers to the division for filing a certified copy of a final

1828 judgment of a court with jurisdiction establishing the right of the entity to use the name
 1829 in this state.

1830 (8) The division may not approve for filing a name that implies that an entity is an agency
 1831 of this state or any of the state's political subdivisions, if the entity is not actually an
 1832 agency of this state or any of the state's political subdivisions.

1833 Section 27. Section **16-1a-303** is enacted to read:

1834 **16-1a-303 . Name requirements for certain types of entities.**

1835 (1) The corporate name of a nonprofit organization:

1836 (a) may, but is not required to contain:

1837 (i) the word:

1838 (A) "corporation";

1839 (B) "incorporated";

1840 (C) "company"; or

1841 (D) a word of similar import; or

1842 (ii) the abbreviation:

1843 (A) "Corp.";

1844 (B) "Inc.";

1845 (C) "Co."; or

1846 (D) an abbreviation of similar import; and

1847 (b) may not contain:

1848 (i) a word or phrase that indicates or implies that the nonprofit corporation is
 1849 organized for a purpose other than a purpose permitted by:

1850 (A) Section 16-6a-301; and

1851 (B) the nonprofit corporation's articles of incorporation; or

1852 (ii) the term:

1853 (A) "limited liability company";

1854 (B) "limited company";

1855 (C) "limited liability partnership"; or

1856 (D) "limited partnership"; or

1857 (iii) a word or abbreviation of similar import to a term listed in Subsection (2)(b)(ii).

1858 (2)(a) The name of a corporation shall contain:

1859 (i) the word:

1860 (A) "corporation";

1861 (B) "incorporated";

- 1862 (C) "company"; or
1863 (D) a word of similar import;
1864 (ii) the abbreviation:
1865 (A) "Corp.";
1866 (B) "Inc.";
1867 (C) "Co."; or
1868 (D) an abbreviation of similar import; and
1869 (iii) for a business corporation, may not contain language stating or implying that a
1870 business corporation is organized for a purpose other than a purpose permitted by:
1871 (A) Section 16-10a-301; and
1872 (B) the business corporation's articles of incorporation.
1873 (b) The name of a corporation or a foreign corporation may not contain:
1874 (i) the term:
1875 (A) "decentralized autonomous organization";
1876 (B) "limited liability company";
1877 (C) "limited company";
1878 (D) "limited liability partnership";
1879 (E) "limited partnership"; or
1880 (F) "limited liability limited partnership"; or
1881 (ii) any word or abbreviation of similar import to a term listed in Subsection (2)(b)(i).
1882 (c) The name of an entity, other than a corporation formed in accordance with this title
1883 or a foreign entity authorized to transact business in this state may not contain:
1884 (i) the term:
1885 (A) "Corp.";
1886 (B) "corporation";
1887 (C) "Inc."; or
1888 (D) "incorporated"; or
1889 (ii) a word or abbreviation of similar import to a term listed in Subsection (2)(c)(i).
1890 (3)(a) The name of a limited partnership may contain the name of a partner.
1891 (b) The name of a limited partnership that is not a limited liability limited partnership:
1892 (i) shall contain:
1893 (A) the phrase "limited partnership"; or
1894 (B) the abbreviation "L.P." or "LP"; and
1895 (ii) may not contain:

- 1896 (A) the phrase "limited liability limited partnership" or "registered limited liability
 1897 limited partnership"; or
- 1898 (B) the abbreviation "L.L.L.P.," "LLLP," "R.L.L.L.P.," or "RLLLLP."
- 1899 (c) The name of a limited partnership that is a limited liability limited partnership:
 1900 (i) shall contain:
 1901 (A) the phrase "limited liability limited partnership"; or
 1902 (B) the abbreviation "L.L.L.P.," "LLLP," "R.L.L.L.P.," or "RLLLLP"; and
 1903 (ii) may not contain the abbreviation "L.P." or "LP."
- 1904 (d) The name of a limited partnership or a limited liability limited partnership or the
 1905 name of a foreign limited partnership or a foreign limited liability limited partnership
 1906 that registers to do business in this state may not contain:
 1907 (i) the term:
 1908 (A) "association";
 1909 (B) "corporation";
 1910 (C) "decentralized autonomous organization";
 1911 (D) "incorporated";
 1912 (E) "limited liability company"; or
 1913 (F) "limited company"; or
 1914 (ii) a word or abbreviation that is of similar import to a term listed in Subsection
 1915 (3)(d)(i).
- 1916 (e) The name of an entity other than a limited partnership or a limited liability limited
 1917 partnership or the name of a foreign limited partnership or a foreign limited liability
 1918 partnership that registers to do business in this state may not contain:
 1919 (i) the term:
 1920 (A) "limited partnership";
 1921 (B) "LP";
 1922 (C) "L.P.";
 1923 (D) "limited liability partnership";
 1924 (E) "LLLP"; or
 1925 (F) "L.L.L.P."; or
 1926 (ii) a word or abbreviation that is of similar import to a term listed in Subsection
 1927 (3)(e)(i).
- 1928 (4)(a) The name of a limited liability partnership shall contain:
 1929 (i) the phrase "limited liability partnership" or "registered limited liability

- 1930 partnership"; or
- 1931 (ii) the abbreviation "L.L.P.," "R.L.L.P.," "LLP," or "RLLP."
- 1932 (b) The name of a limited liability partnership or a foreign limited liability partnership
- 1933 may not contain:
- 1934 (i) the term:
- 1935 (A) "association";
- 1936 (B) "corporation";
- 1937 (C) "decentralized autonomous organization";
- 1938 (D) "incorporated";
- 1939 (E) "limited liability company";
- 1940 (F) "limited company";
- 1941 (G) "limited partnership"; or
- 1942 (H) "Ltd.;" or
- 1943 (ii) a word or abbreviation that is of similar import to a term listed in Subsection
- 1944 (4)(b)(i).
- 1945 (c) The name of an entity other than a limited liability partnership or the name of a
- 1946 foreign limited liability partnership that registers to do business in this state may not
- 1947 contain:
- 1948 (i) the term:
- 1949 (A) "limited liability partnership";
- 1950 (B) "LLP"; or
- 1951 (C) "L.L.P.;" or
- 1952 (ii) a word or abbreviation that is of similar import to Subsection (4)(c)(i).
- 1953 (5)(a) The name of a limited liability company shall contain:
- 1954 (i) the phrase "limited liability company" or "limited company"; or
- 1955 (ii) the abbreviation "L.L.C.," "LLC," "L.C.," or "LC."
- 1956 (b) A limited liability company's name may abbreviate the term:
- 1957 (i) "limited" as "Ltd.;" and
- 1958 (ii) "company" as "Co."
- 1959 (c) The name of a limited liability company or a foreign limited liability company may
- 1960 not contain:
- 1961 (i) the term:
- 1962 (A) "association";
- 1963 (B) "corporation";

- 1964 (C) "decentralized autonomous organization";
- 1965 (D) "incorporated";
- 1966 (E) "partnership";
- 1967 (F) "limited partnership"; or
- 1968 (G) "L.P."; or
- 1969 (ii) a word or abbreviation that is of similar import to a term listed in Subsection
- 1970 (5)(c)(i).
- 1971 (d) The name of an entity other than a limited liability company or the name of a foreign
- 1972 limited liability company authorized to do business in this state may not contain:
- 1973 (i) the term:
- 1974 (A) "limited liability company";
- 1975 (B) "limited company";
- 1976 (C) "L.L.C.";
- 1977 (D) "L.C.";
- 1978 (E) "LLC"; or
- 1979 (F) "LC"; or
- 1980 (ii) a word or abbreviation that is of similar import to a term listed in Subsection
- 1981 (5)(d)(i).
- 1982 (6)(a) The name of a limited cooperative association shall contain:
- 1983 (i) the phrase "limited cooperative association" or "limited cooperative"; or
- 1984 (ii) the abbreviation "L.C.A." or "LCA."
- 1985 (b) A limited cooperative association's name may abbreviate the term:
- 1986 (i) "association" as:
- 1987 (A) "Assn";
- 1988 (B) "Assn.";
- 1989 (C) "Assoc"; or
- 1990 (D) "Assoc.";
- 1991 (ii) "cooperative" as:
- 1992 (A) "Co-op.";
- 1993 (B) "Coop."; or
- 1994 (C) "Co-op"; and
- 1995 (iii) "limited" as "Ltd."
- 1996 (c) The name of entity other than a limited cooperative association may not contain:
- 1997 (i) the term:

- 1998 (A) "limited cooperative association";
1999 (B) "L.C.A."; or
2000 (C) "LCA"; or
2001 (ii) a word or abbreviation that is of similar import to a term listed in Subsection
2002 (6)(c)(i).
- 2003 (7)(a) The name of a professional corporation as set forth in the professional
2004 corporation's articles of incorporation:
2005 (i) shall contain the terms:
2006 (A) "professional corporation"; or
2007 (B) "P.C.";
2008 (ii) may not contain the words:
2009 (A) "incorporated"; or
2010 (B) "Inc."; and
2011 (iii) may not contain language stating or implying that the professional corporation is
2012 organized for a purpose other than that permitted by Section 16-11-6 and the
2013 professional corporation's articles of incorporation.
- 2014 (b) A person, other than a professional corporation formed or registered in accordance
2015 with this title, may not use in the person's name in this state the term:
2016 (i) "professional corporation"; or
2017 (ii) "P.C."
- 2018 (8)(a) The name of a benefit limited liability company may contain:
2019 (i) the term:
2020 (A) "benefit limited liability company"; or
2021 (B) "benefit limited company"; or
2022 (ii) the abbreviation:
2023 (A) "B.L.L.C.";
2024 (B) "BLLC";
2025 (C) "B.L.C."; or
2026 (D) "BLC."
- 2027 (b) When contained in the name of a benefit limited liability company, the term:
2028 (i) "limited" may be abbreviated as "Ltd."; and
2029 (ii) "company" may be abbreviated as "Co."
- 2030 (9)(a) The name of a limited liability decentralized autonomous organization shall
2031 contain:

- 2032 (i) the term:
- 2033 (A) "limited liability decentralized autonomous organization"; or
- 2034 (B) "limited decentralized autonomous organization"; or
- 2035 (ii) the abbreviation:
- 2036 (A) "L.L.D.";
- 2037 (B) "LLD";
- 2038 (C) "L.D."; or
- 2039 (D) "LD."
- 2040 (b) In the name of a decentralized autonomous organization:
- 2041 (i) "limited" may be abbreviated as "Ltd."; and
- 2042 (ii) "decentralized autonomous organization" may be abbreviated as "DAO."
- 2043 (c) The name of a decentralized autonomous organization may not contain:
- 2044 (i) the term:
- 2045 (A) "association";
- 2046 (B) "corporation";
- 2047 (C) "incorporated";
- 2048 (D) "partnership";
- 2049 (E) "limited liability company";
- 2050 (F) "limited partnership"; or
- 2051 (G) "L.P."; or
- 2052 (ii) a word or abbreviation that is of similar import to the terms listed in Subsection
- 2053 (9)(c)(i).
- 2054 (d) A person, other than a decentralized autonomous organization formed or registered
- 2055 in accordance with this title, may not use in the person's name in this state:
- 2056 (i) the term:
- 2057 (A) "limited liability decentralized autonomous organization"; or
- 2058 (B) "limited decentralized autonomous organization"; or
- 2059 (ii) the abbreviation:
- 2060 (A) "L.L.DAO";
- 2061 (B) "L.L.D.";
- 2062 (C) "L.DAO"; or
- 2063 (D) "L.D."
- 2064 (10)(a) The words, "business trust" shall be the last words of the name of every business
- 2065 trust registered under Chapter 15, Utah Business Trust Registration Act.

2066 (b) A person that participates in the omission of the words "business trust" in the
2067 commercial use of the name of the business trust, or knowingly acquiesces in the
2068 omission is liable for any indebtedness, damage, or liability resulting from the
2069 omission.

2070 Section 28. Section **16-1a-304** is enacted to read:

2071 **16-1a-304 . Reservation of name.**

2072 (1) A person may reserve the exclusive use of an entity name by delivering an application
2073 to the division for filing that states:

2074 (a) the name and address of the applicant; and

2075 (b) the name to reserve.

2076 (2) If the division determines that the entity name stated in the application described in
2077 Subsection (1) is available, the division shall reserve the name for the applicant's
2078 exclusive use for 120 calendar days after the day on which the division reserves the
2079 name.

2080 (3) A person that reserves a name in accordance with this section may transfer the reserved
2081 name to another person by delivering to the division a signed notice in a record of the
2082 transfer that states the name and address of the transferee.

2083 Section 29. Section **16-1a-305** is enacted to read:

2084 **16-1a-305 . Registration of name.**

2085 (1) A foreign filing entity not registered to do business in this state may register the foreign
2086 filing entity's name, or an alternate name adopted in accordance with Section 16-1a-507,
2087 if the name complies with Section 16-1a-302.

2088 (2) To register a name or an alternate name adopted in accordance with Section 16-1a-507,
2089 a foreign filing entity shall deliver to the division for filing an application that states:

2090 (a) the foreign filing entity's requested name;

2091 (b) the jurisdiction and date of the foreign filing entity's formation; and

2092 (c) any alternate name adopted in accordance with Section 16-1a-507.

2093 (3) If the division finds that the name requested in Subsection (2) is available, the division
2094 shall register the name for the applicant's exclusive use.

2095 (4) The registration of a name under this section is effective for one year after the day on
2096 which the division registers the name as described in Subsection (3).

2097 (5)(a) A foreign filing entity whose name registration is effective may renew the
2098 registration for a successive one-year period by delivering, not earlier than three
2099 months before the day on which the registration expires, to the division for filing a

2100 renewal application that complies with this section.
 2101 (b) A renewal application renews the name's registration for one calendar year after the
 2102 day on which the division files the renewal application described in this Subsection
 2103 (5).

2104 (6) A foreign filing entity whose name registration is effective may register as a foreign
 2105 filing entity under the registered name or consent in a signed record to the use of the
 2106 registered name by another entity.

2107 Section 30. Section **16-1a-401** is enacted to read:

2108 **Part 4. Registered Agent of an Entity**

2109 **16-1a-401 . Definitions.**

2110 Reserved.

2111 Section 31. Section **16-1a-402** is enacted to read:

2112 **16-1a-402 . Entities required to designate and maintain a registered agent.**

2113 The following entities shall designate and maintain a registered agent in this state:

2114 (1) a domestic filing entity;

2115 (2) a registered foreign entity; and

2116 (3) a D.B.A.

2117 Section 32. Section **16-1a-403** is enacted to read:

2118 **16-1a-403 . Address in filing.**

2119 If a provision in this chapter, other than Section 16-1a-410, requires that a record state
 2120 an address, the record shall state:

2121 (1) a street address in this state; and

2122 (2) a mailing address in this state, if different from the address described in Subsection (1).

2123 Section 33. Section **16-1a-404** is enacted to read:

2124 **16-1a-404 . Designation of a registered agent.**

2125 (1) A represented entity shall sign a registered agent filing and include in the registered
 2126 agent filing:

2127 (a) the name of the represented entity's commercial registered agent; or

2128 (b) if the represented entity does not have a commercial registered agent:

2129 (i) the name and address of the represented entity's noncommercial registered agent;

2130 or

2131 (ii)(A) the title of an office or other position within the represented entity where
 2132 an individual holding that office or position may accept service of process,

2133 notice, or demand may accept service on behalf of the represented entity; and

- 2134 (B) the mailing address of the title or other position described in Subsection
2135 (1)(b)(ii)(A).
- 2136 (2) A represented entity, by designating a registered agent in accordance with Subsection
2137 (1)(a) or (1)(b), affirms that the designated registered agent consents to serve as a
2138 registered agent.
- 2139 (3)(a) As soon as practicable, the division shall make available in a record a daily list of
2140 filings that contain the name of each registered agent.
- 2141 (b) The division shall ensure that the list described in Subsection (3)(a):
- 2142 (i) is available for at least 14 calendar days after the day on which the division makes
2143 the list available;
- 2144 (ii) lists, in alphabetical order, the names of the registered agents; and
2145 (iii) states the type of filing and name of the represented entity making the filing.
- 2146 Section 34. Section **16-1a-405** is enacted to read:
- 2147 **16-1a-405 . Listing of a commercial registered agent.**
- 2148 (1) A person may become listed as a commercial registered agent by delivering to the
2149 division for filing a commercial registered agent listing statement that states:
- 2150 (a)(i) the name of the individual applying to become a commercial registered agent; or
2151 (ii)(A) the name of the entity applying to become a commercial registered agent;
2152 (B) the type of entity applying to become a commercial registered agent; and
2153 (C) the jurisdiction in which the entity formed;
- 2154 (b) that the person serves as a commercial registered agent in this state; and
2155 (c) the person's physical address for the person's place of business where the person may
2156 receive service of process, notices, or demands sent to an entity represented by the
2157 person.
- 2158 (2) A commercial registered agent listing statement may include information regarding the
2159 agent accepting service of process, notices, and demands in a form other than a written
2160 record.
- 2161 (3) If the name of the person delivering the record to the division for filing a commercial
2162 registered agent listing statement is not distinguishable on the records of the division
2163 from the name of another commercial registered agent listed under this section, the
2164 person delivering the record shall:
- 2165 (a) adopt a fictitious name that is distinguishable from the name of another commercial
2166 registered agent under this section; and
2167 (b) use the fictitious name in the person's statement and when the person does business

2168 in this state as a commercial registered agent.

2169 (4)(a) The division shall note the filing of a commercial registered agent listing
2170 statement in the records maintained by the division for each entity represented by the
2171 commercial registered agent at the time of the filing.

2172 (b) A commercial registered agent listing statement described in Subsection (4)(a)
2173 amends the registered agent filing for each entity represented by a commercial
2174 registered agent by:

2175 (i) designating the person becoming listed as a commercial registered agent as the
2176 commercial registered agent of each entity; and

2177 (ii) deleting the name and address of the former commercial registered agent from the
2178 registered agent filing of each entity.

2179 Section 35. Section **16-1a-406** is enacted to read:

2180 **16-1a-406 . Termination of listing of a commercial registered agent.**

2181 (1) A commercial registered agent may terminate the commercial registered agent's listing
2182 as a commercial registered agent by delivering to the division for filing a commercial
2183 registered agent termination statement signed by the commercial registered agent that
2184 states:

2185 (a) the name of the commercial registered agent described in Section 16-1a-405; and

2186 (b) that the agent no longer conducts the business of serving as a commercial registered
2187 agent in this state.

2188 (2) A commercial registered agent termination statement takes effect at 12:01 a.m. 31 days
2189 after the day on which the division files the commercial registered agent termination
2190 statement.

2191 (3) The commercial registered agent shall promptly furnish to each entity the commercial
2192 registered agent represents a notice of the filing of the commercial registered agent
2193 termination statement.

2194 (4) When a commercial registered agent termination statement takes effect, the commercial
2195 registered agent ceases to be the commercial registered agent for each entity the
2196 commercial registered agent formerly represented.

2197 (5) Notwithstanding Subsection (4), a person may deliver service of process to a
2198 commercial registered agent after the commercial registered agent termination takes
2199 effect, until an entity formerly represented by the commercial registered agent
2200 designates a new commercial registered agent.

2201 (6) A commercial registered agent terminating the commercial registered agent's listing

2202 under this section does not affect a contractual right that:

2203 (a) a represented entity has against the commercial registered agent; or

2204 (b) a commercial registered agent has against a represented entity.

2205 Section 36. Section **16-1a-407** is enacted to read:

2206 **16-1a-407 . Change of registered agent by a represented entity.**

2207 (1) A represented entity may change the information the division has on file under Section
2208 16-1a-404 by delivering to the division for filing a statement of change signed by the
2209 represented entity that states:

2210 (a) the name of the new registered agent; and

2211 (b) the information that the filing of the statement of change will amend.

2212 (2) The interest holders or governors of a domestic entity are not required to approve the
2213 filing of:

2214 (a) a statement of change under this section; or

2215 (b) a similar filing changing the registered agent or registered office, if applicable, of the
2216 entity in another jurisdiction.

2217 (3) A statement of change filed under this section that designates a new registered agent is
2218 an affirmation of fact by the registered entity that the new registered agent consents to
2219 serve as the registered entity's new registered agent.

2220 (4) In addition to the process described in Subsection (1), a represented entity may change
2221 the information the division has on file under Section 16-1a-404 by amending the
2222 represented entity's most recent registered agent filing in a manner provided by law.

2223 Section 37. Section **16-1a-408** is enacted to read:

2224 **16-1a-408 . Change of name or address by a noncommercial registered agent.**

2225 (1) If a noncommercial registered agent changes the noncommercial registered agent's name
2226 or address with respect to a represented entity, the noncommercial registered agent shall
2227 deliver to the division for filing, with respect to each entity the noncommercial
2228 registered agent represents, a statement of change signed by the agent that states:

2229 (a) the name of the represented entity;

2230 (b) the name and address of the noncommercial registered agent in effect with respect to
2231 the entity;

2232 (c) if the noncommercial registered agent changes the noncommercial registered agent's
2233 name, the new name; and

2234 (d) if the noncommercial registered agent changes the noncommercial registered agent's
2235 address, the new address.

- 2236 (2) A noncommercial registered agent shall promptly furnish to the represented entity:
2237 (a) a notice of the delivery to the division for filing a statement of change; and
2238 (b) each change made in the statement of change.

2239 Section 38. Section **16-1a-409** is enacted to read:

2240 **16-1a-409 . Change of name, address, type of entity, or jurisdiction of formation**
2241 **by a commercial registered agent.**

2242 (1) If a commercial registered agent changes the commercial registered agent's name,
2243 address as listed under Section 16-1a-405, type of entity, or jurisdiction of formation, the
2244 commercial registered agent shall deliver to the division for filing a statement of change
2245 signed by the commercial registered agent that states:

- 2246 (a) the name of the commercial registered agent the commercial registered agent
2247 provided to the division in accordance with Section 16-1a-405;
2248 (b) if the commercial registered agent changes the commercial registered agent's name,
2249 the new name;
2250 (c) if the commercial registered agent changes the commercial registered agent's address,
2251 the new address; and
2252 (d) if the commercial registered agent is an entity:
2253 (i) if the commercial registered agent changes the commercial registered entity's type
2254 of entity, the new type of entity; and
2255 (ii) if the commercial registered agent changes the commercial registered entity's
2256 jurisdiction of formation, the new jurisdiction of formation.

2257 (2) The filing of a statement of change described in Subsection (1) by the division changes
2258 the information regarding the commercial registered agent with respect to each entity the
2259 commercial registered agent represents.

2260 (3) A commercial registered agent shall promptly furnish to each entity that the commercial
2261 registered agent represents a notice of the statement of change that describes the changes
2262 made in the statement of change.

2263 (4)(a) If a commercial registered agent changes the commercial registered agent's
2264 address without delivering for filing a statement of change as required by this section,
2265 the division may cancel the listing of the agent under Section 16-1a-405.

2266 (b) If the division cancels the listing of an agent as described in this Subsection (4), the
2267 division's cancellation has the same effect as a termination of a listing of a
2268 commercial registered agent under Section 16-1a-406.

2269 (c) After canceling the listing of an commercial registered agent, the division shall serve

2270 notice in a record on:

- 2271 (i)(A) each entity that the commercial registered agent represents, stating that the
2272 commercial registered agent is no longer the registered agent for the entity; and
2273 (B) until the entity designates a new commercial registered agent, a person may
2274 make service of process on the entity; and
2275 (ii) the commercial registered agent, stating that the division has canceled the listing
2276 of the commercial registered agent in accordance with this section.

2277 Section 39. Section **16-1a-410** is enacted to read:

2278 **16-1a-410 . Resignation of a registered agent.**

- 2279 (1) A registered agent may resign as the registered agent for a represented entity by
2280 delivering to the division for filing a statement of resignation signed by the registered
2281 agent that states:
2282 (a) the name of the represented entity;
2283 (b) the name of the registered agent;
2284 (c) that the registered agent resigned from serving as the registered agent for the
2285 represented entity; and
2286 (d) the address of the represented entity to which the agent will send the notice required
2287 by Subsection (3).
- 2288 (2) A statement of resignation takes effect on the earlier of:
2289 (a) 12:01 a.m. on the 31st day after the day on which the division files the statement of
2290 resignation; or
2291 (b) the represented entity for which the statement of resignation applies designates a new
2292 registered agent.
- 2293 (3) A registered agent shall promptly furnish to the represented entity notice in a record of
2294 the date on which the division files the statement of resignation.
- 2295 (4) When a statement of resignation takes effect, the person that resigned ceases to have
2296 responsibility under this chapter for any matter presented to the person for the
2297 represented entity.
- 2298 (5) Notwithstanding Subsection (4), a statement of resignation does not affect any
2299 contractual rights:
2300 (a) a represented entity has against the registered agent; or
2301 (b) the registered agent has against the represented entity.
- 2302 (6) A registered agent may resign in accordance with this section regardless of whether the
2303 represented entity is current with the division.

2304 Section 40. Section **16-1a-411** is enacted to read:

2305 **16-1a-411 . Designation of a registered agent by a nonregistered foreign entity or**
2306 **a nonfiling domestic entity.**

2307 (1) A nonregistered foreign entity or a nonfiling domestic entity may deliver to the division
2308 for filing a statement that designates a registered agent signed by the nonregistered
2309 foreign entity or the nonfiling domestic entity that states:

2310 (a) the name, type of entity, and jurisdiction of formation of the nonregistered foreign
2311 entity or the nonfiling domestic entity; and

2312 (b) the information required by Subsection 16-1a-404(1).

2313 (2) A statement described in Subsection (1) is effective for five years after the day on which
2314 the division files the statement, unless the nonregistered foreign entity or the nonfiling
2315 domestic entity cancels the statement earlier.

2316 (3)(a) A person authorized to manage the affairs of the nonregistered foreign entity or
2317 the domestic nonfiling entity shall sign the statement described in Subsection (1).

2318 (b) By signing the statement in Subsection (1), the person signing affirms that:

2319 (i) the person is authorized to manage the affairs of the nonregistered foreign entity
2320 or the nonfiling domestic entity; and

2321 (ii) the registered agent consents to serve as the registered agent for the nonregistered
2322 foreign entity or the nonfiling domestic entity.

2323 (4) The designation of a registered agent in accordance with Subsection (1) does not
2324 register a nonregistered foreign entity to do business in this state.

2325 (5) The division may not reject a statement described in Subsection (1) for filing because
2326 the name of the nonregistered foreign entity or the nonfiling domestic entity is not
2327 distinguishable on the division's records from the name of another entity that appears on
2328 the division's records.

2329 (6) The division filing a statement described in Subsection (1) does not make the name of
2330 the nonregistered foreign entity or the nonfiling domestic entity signing the statement
2331 available for use by another entity.

2332 (7) A nonregistered foreign entity or a nonfiling domestic entity that delivers to the division
2333 for filing a statement described in Subsection (1) may cancel the statement by delivering
2334 to the division for filing a statement of cancellation that states:

2335 (a) the name of the nonregistered foreign entity or the nonfiling domestic entity; and

2336 (b) that the nonregistered foreign entity or the nonfiling domestic entity cancels the
2337 nonregistered foreign entity's or the nonfiling domestic entity's designation as a

2338 registered agent in this state.

2339 (8) A statement described in Subsection (1) for a nonregistered foreign entity terminates on
2340 the day on which the nonregistered foreign entity becomes a registered foreign entity.

2341 Section 41. Section **16-1a-412** is enacted to read:

2342 **16-1a-412 . Service of process, notice, or demand on entity.**

2343 (1) A person may serve a represented entity with any process, notice, or demand required or
2344 permitted by law by serving the represented entity's registered agent.

2345 (2)(a) If a represented entity ceases to have a registered agent, or if a person cannot with
2346 reasonable diligence serve the represented entity's registered agent, the person may
2347 serve the registered entity by:

2348 (i) registered or certified mail, return receipt requested; or

2349 (ii) a similar commercial delivery service, addressed to the registered entity at the
2350 registered entity's principal office.

2351 (b) A domestic filing entity or a registered foreign entity shall list the domestic filing
2352 entity's or the registered foreign entity's address in the domestic filing entity's or the
2353 registered foreign entity's most recent annual report that the division files.

2354 (c) Service is considered effective under this Subsection (2) on the earlier of:

2355 (i) the day on which the represented entity receives the mail or delivery by the
2356 commercial delivery service;

2357 (ii) the day shown on the return receipt, if the represented entity signs a return
2358 receipt; or

2359 (iii) five days after the day on which the person serving the represented entity
2360 provides the process, notice, or demand the person intends to serve on the
2361 represented entity to the United States Postal Service or commercial delivery
2362 service, if the person provides to the United States Postal Service or commercial
2363 delivery service:

2364 (A) the correct address for the represented entity; and

2365 (B) sufficient postage and payment.

2366 (3) If a person cannot serve a process, notice, or demand to a represented entity in
2367 accordance with Subsection (1) or (2), the person may make service by delivering the
2368 process, notice, or demand to the individual in charge of any regular place of business or
2369 activity of the represented entity if the individual whom the person serves is not also a
2370 party to the action.

2371 (4)(a) Except as provided in Subsection (4)(b), a person shall serve a represented entity

2372 process, notice, or demand in a written record.

2373 (b) A person may service process, notice, or demand on a commercial registered agent in
 2374 a form other than a written record, subject to the requirements the commercial
 2375 registered agent sets in accordance with Section 16-1a-405.

2376 Section 42. Section **16-1a-413** is enacted to read:

2377 **16-1a-413 . Duties of a registered agent.**

2378 A registered agent that complies with this part shall:

- 2379 (1) forward to the represented entity at the address the represented entity most recently
 2380 provides to the registered agent any process, notice, or demand that pertains to the
 2381 represented entity that the registered agent receives or a person serves on the agent;
 2382 (2) provide each notice required by this part to the represented entity at the address the
 2383 represented entity most recently provides to the registered agent;
 2384 (3) if the registered agent is a noncommercial registered agent, keep current the information
 2385 required by Subsection 16-1a-404(1) in the most recent registered agent filing for the
 2386 registered entity; and
 2387 (4) if the registered agent is a commercial registered agent, keep current the information
 2388 listed in Subsection 16-1a-405(1).

2389 Section 43. Section **16-1a-414** is enacted to read:

2390 **16-1a-414 . Jurisdiction and venue.**

- 2391 (1) A represented entity designating or maintaining a registered agent in this state does not
 2392 create a basis for personal jurisdiction over the represented entity in this state.
 2393 (2) The address of a represented entity's registered agent does not determine venue in an
 2394 action or proceeding involving the represented entity.

2395 Section 44. Section **16-1a-501** is enacted to read:

2396 **Part 5. Foreign Entities**

2397 **16-1a-501 . Definitions.**

2398 Reserved.

2399 Section 45. Section **16-1a-502** is enacted to read:

2400 **16-1a-502 . Governing law.**

- 2401 (1) The law of the jurisdiction of formation of an entity governs:
 2402 (a) the internal affairs of the entity;
 2403 (b) the liability of a person as an interest holder or governor for a debt, obligation, or
 2404 other liability of the entity; and
 2405 (c) the liability of a series of a limited liability company or other unincorporated entity.

- 2406 (2) A difference between the law of an entity's jurisdiction of formation and the law of this
2407 state does not preclude a foreign entity from registering to do business in this state.
- 2408 (3) A foreign entity registering to do business in this state does not authorize the foreign
2409 entity to engage in an activity or affair or exercise a power in which a domestic entity of
2410 the same type may not engage in this state.
- 2411 (4) Subsections (1) and (2) apply regardless of whether a foreign entity fails to register to
2412 do business in this state in accordance with Section 16-1a-503.

2413 Section 46. Section **16-1a-503** is enacted to read:

2414 **16-1a-503 . Registration to do business in this state.**

- 2415 (1) A filing foreign entity may not do business in this state until the filing foreign entity
2416 registers with the division in accordance with this chapter.
- 2417 (2) A filing foreign entity doing business in this state may not maintain an action or
2418 proceeding in this state unless the filing foreign entity registers to do business in this
2419 state.
- 2420 (3) The failure of a filing foreign entity to register to do business in this state does not:
2421 (a) impair the validity of a contract or act of the filing foreign entity; or
2422 (b) preclude the filing foreign entity from defending an action or proceeding in this state.
- 2423 (4) A foreign unincorporated entity, a series of a foreign unincorporated entity, a filing
2424 foreign entity, or a foreign limited liability partnership does not waive the limitation on
2425 the liability of a series of a foreign unincorporated entity, an interest holder of a filing
2426 foreign entity, a governor of a filing foreign entity, or a partner of a foreign limited
2427 liability partnership because the foreign unincorporated entity, the series of a foreign
2428 unincorporated entity, the filing foreign entity, or the foreign limited liability partnership
2429 does business in this state without registering to do business in this state.

2430 Section 47. Section **16-1a-504** is enacted to read:

2431 **16-1a-504 . Foreign registration statement.**

- 2432 (1) To do business in this state, a filing foreign entity shall deliver a foreign registration
2433 statement to the division for filing.
- 2434 (2) A filing foreign entity shall sign the foreign registration statement described in
2435 Subsection (1) and include in the statement:
- 2436 (a) the name of the filing foreign entity;
2437 (b) if the name of the filing foreign entity does not comply with Section 16-1a-302, an
2438 alternate name the filing foreign entity adopts in accordance with Section 16-1a-507;
2439 (c) the filing foreign entity's type of entity;

- 2440 (d) if the filing foreign entity is a foreign limited partnership, whether the foreign limited
 2441 partnership is a foreign limited liability limited partnership;
 2442 (e) the filing foreign entity's or jurisdiction of formation;
 2443 (f) the filing foreign entity's street and mailing address for the filing foreign entity's
 2444 principal office;
 2445 (g) if the law of the filing foreign entity's or jurisdiction of formation requires the filing
 2446 foreign entity to maintain an office in the jurisdiction of formation, the street and
 2447 mailing address of the office in the jurisdiction of formation; and
 2448 (h) the information required by Section 16-1a-305.

- 2449 (3)(a) A filing foreign entity shall include with the foreign registration statement
 2450 described in Subsection (1) a certificate of existence, or a document of similar
 2451 import, that the lieutenant governor or other official that has custody of corporate
 2452 records in the filing foreign entity's jurisdiction of formation authorizes.
 2453 (b) A certificate of existence described in this Subsection (3) shall be dated within 90
 2454 days before the day on which the foreign filing entity delivers the foreign registration
 2455 statement to the division for filing.

2456 Section 48. Section **16-1a-505** is enacted to read:

2457 **16-1a-505 . Amending a foreign registration statement.**

- 2458 (1) Subject to Subsection (2), a registered foreign entity shall sign and deliver to the
 2459 division for filing an amendment to the registered foreign entity's foreign registration
 2460 statement if one of the following changes:
 2461 (a) the registered foreign entity's name;
 2462 (b) the registered foreign entity's jurisdiction of formation;
 2463 (c) an address required by Section 16-1a-403; or
 2464 (d) the information required by Section 16-1a-305.
 2465 (2)(a) If information described in Subsection (1)(a) or (b) changes, a foreign filing entity
 2466 shall deliver with the amendment described in Subsection (1) a certificate of
 2467 existence, or a document of similar import that the lieutenant governor or other
 2468 official that has custody of corporate records in the filing foreign entity's jurisdiction
 2469 of formation authorizes.
 2470 (b) A certificate of existence described in this Subsection (2) shall be dated within 90
 2471 days before the day on which the foreign filing entity delivers the amendment to the
 2472 division for filing.

2473 Section 49. Section **16-1a-506** is enacted to read:

2474 **16-1a-506 . Activities that do not constitute doing business.**

- 2475 (1) The following activities of a filing foreign entity do not constitute doing business in this
2476 state:
- 2477 (a) maintaining, defending, mediating, arbitrating, or settling an action or proceeding;
 - 2478 (b) carrying on an activity concerning the filing foreign entity's internal affairs,
2479 including holding meetings of the filing foreign entity's interest holders or governors;
 - 2480 (c) maintaining an account in a financial institution;
 - 2481 (d) maintaining an office or an agency for the transfer, exchange, and registration of the
2482 filing foreign entity's or the foreign limited liability partnership's securities;
 - 2483 (e) maintaining a trustee or a depository for the filing foreign entity's securities;
 - 2484 (f) selling through an independent contractor;
 - 2485 (g) soliciting or obtaining an order by any means if the order requires acceptance outside
2486 this state before the order becomes a contract;
 - 2487 (h) creating or acquiring indebtedness, a mortgage, or a security interest in property;
 - 2488 (i) securing or collecting a debt;
 - 2489 (j) enforcing a mortgage or a security interest in a property;
 - 2490 (k) holding, protecting, or maintaining property the filing foreign entity acquires by
2491 enforcing a mortgage or a security interest;
 - 2492 (l) conducting an isolated transaction that is outside the scope of the filing foreign
2493 entity's ordinary course of business;
 - 2494 (m) owning real property; and
 - 2495 (n) doing business that constitutes interstate commerce.
- 2496 (2) A person does not do business in this state by being an interest holder or a governor of a
2497 foreign entity that does business in this state.
- 2498 (3) This section does not apply when determining whether the contacts or activities subject
2499 a filing foreign entity to service of process, taxation, or regulation under a law of this
2500 state outside of this chapter.

2501 Section 50. Section **16-1a-507** is enacted to read:

2502 **16-1a-507 . Noncomplying name of a foreign entity.**

- 2503 (1)(a) A filing foreign entity whose name does not comply with Section 16-1a-302 may
2504 not register to do business in this state until the filing foreign entity adopts, for the
2505 purpose of doing business in this state, an alternate name that complies with Section
2506 16-1a-302.
- 2507 (b) A filing foreign entity that registers under an alternate name under this Subsection (1)

2508 is not required to comply with Title 42, Chapter 2, Conducting Business as a D.B.A.

2509 (2) After registering to do business in this state with an alternate name, a filing foreign
2510 entity described in Subsection (1) shall do business in this state under:

2511 (a) the alternate name;

2512 (b) the filing foreign entity's name, with the addition of the filing foreign entity's
2513 jurisdiction of formation; or

2514 (c) a name Title 42, Chapter 2, Conducting Business as a D.B.A., authorizes the filing
2515 foreign entity or to use.

2516 (3) If a filing foreign entity changes the filing foreign entity's name to a name that does not
2517 comply with Section 16-1a-302, the filing foreign entity may not do business in this
2518 state until the filing foreign entity complies with Subsection (1).

2519 Section 51. Section **16-1a-508** is enacted to read:

2520 **16-1a-508 . Withdrawal of registration of registered foreign entity.**

2521 (1) A registered foreign entity may withdraw the registered foreign entity's registration by
2522 delivering a statement of withdrawal to the division for filing.

2523 (2) A registered foreign entity shall sign the statement of withdrawal described in
2524 Subsection (1) and state on the statement of withdrawal:

2525 (a) the registered foreign entity's name;

2526 (b) the registered foreign entity's jurisdiction of formation;

2527 (c)(i) that the registered foreign entity does not currently do business in this state; and

2528 (ii) that the registered foreign entity withdraws the registered foreign entity's
2529 registration to do business in this state;

2530 (d) an address to which a person may make service of process to the registered foreign
2531 entity as described in Subsection (3); and

2532 (e) if the registered foreign entity is a foreign corporation or foreign nonprofit

2533 corporation, the federal employer identification number of the registered foreign
2534 entity.

2535 (3) After a registered foreign entity withdraws the registered foreign entity's registration in
2536 accordance with this section, a person may make service of process in an action or
2537 proceeding based on a cause of action arising during the time the entity was registered to
2538 do business in this state in accordance with Section 16-1a-412.

2539 (4) A registered foreign entity withdraws the registered foreign entity's registration:

2540 (a) on the effective date of a conversion, if the registered foreign entity converts to a
2541 filing domestic entity;

- 2542 (b) on the effective date of a merger, if the registered foreign entity is not the surviving
2543 entity after the merger occurs; or
- 2544 (c) on the effective date of a domestication, if the registered foreign entity becomes a
2545 registered domestic entity through domestication.
- 2546 (5)(a) After receiving a foreign corporation's or a foreign nonprofit corporation's
2547 statement of withdrawal, the division shall:
- 2548 (i) provide the State Tax Commission with the foreign corporation's or the foreign
2549 nonprofit corporation's federal employer identification number; and
- 2550 (ii) request that the State Tax Commission certify that the foreign corporation or
2551 foreign nonprofit corporation is in good standing.
- 2552 (b) The State Tax Commission shall certify that a foreign corporation or a foreign
2553 nonprofit corporation is in good standing if the foreign corporation or foreign
2554 nonprofit corporation pays each tax, fee, and penalty the foreign corporation or
2555 foreign nonprofit corporation owes to the State Tax Commission.
- 2556 (c) If a foreign corporation or a foreign nonprofit corporation is not in good standing as
2557 described in Subsection (5)(b), the State Tax Commission shall:
- 2558 (i) notify the division that the foreign corporation or the foreign nonprofit corporation
2559 is not in good standing; and
- 2560 (ii)(A) notify the foreign corporation or the foreign nonprofit corporation that the
2561 foreign corporation or the foreign nonprofit corporation is not in good
2562 standing; and
- 2563 (B) provide the foreign corporation or the foreign nonprofit corporation a detailed
2564 explanation as to why the foreign corporation or foreign nonprofit corporation
2565 is not in good standing.

2566 Section 52. Section **16-1a-509** is enacted to read:

2567 **16-1a-509 . Transfer of registration.**

- 2568 (1) If a registered foreign entity merges with a nonregistered foreign entity or converts to a
2569 foreign entity that is required to register with the division to do business in this state, the
2570 foreign entity shall deliver to the division for filing an application for a transfer of
2571 registration.
- 2572 (2) A surviving or converted entity described in Subsection (1) shall sign an application for
2573 a transfer of registration and state on the application for a transfer of registration:
- 2574 (a) the registered foreign entity's name before the merger or conversion;
- 2575 (b) the type of entity the surviving or converted entity was before the merger or

- 2576 conversion;
- 2577 (c) the name of the surviving or converted entity, and if the name does not comply with
- 2578 Section 16-1a-302, an alternate name adopted in accordance with Section 16-1a-507;
- 2579 (d) the surviving or converted entity's type of entity;
- 2580 (e) the surviving or converted entity's jurisdiction of formation; and
- 2581 (f) the following information relating to the surviving or converted entity, if different
- 2582 from the information for the registered foreign entity before the merger or conversion:
- 2583 (i) the street and mailing addresses of the surviving or converted entity;
- 2584 (ii) if the law of the surviving or converted entity's jurisdiction of formation requires
- 2585 that the surviving or converted entity maintain an office in the jurisdiction of
- 2586 formation, the street and mailing address of that office; and
- 2587 (iii) the information required in accordance with Section 16-1a-305.

2588 Section 53. Section **16-1a-510** is enacted to read:

2589 **16-1a-510 . Termination of registration.**

- 2590 (1) The division may terminate a registered foreign entity's registration in the manner
- 2591 described in Subsection (2) or (3) if the registered foreign entity fails to:
- 2592 (a) pay a fee, tax, interest, or penalty that the division requires, within 60 days after the
- 2593 day on which the division requires payment;
- 2594 (b) deliver to the division for filing an annual report that the division requires, within 60
- 2595 days after the division requires that the division file the annual report;
- 2596 (c) designate a registered agent as required in Section 16-1a-402; or
- 2597 (d) deliver to the division for filing a statement of change as described in Section
- 2598 16-1a-407 within 30 days after the day on which a change occurs in the registered
- 2599 foreign entity's registered agent's name or address.
- 2600 (2) The division may terminate the registration of a registered foreign entity by:
- 2601 (a) filing a notice of termination or noting the termination in the division's records; and
- 2602 (b) delivering a copy of the notice or a copy of the information in the notation in the
- 2603 division's records to:
- 2604 (i) the registered foreign entity's registered agent; or
- 2605 (ii) if the registered foreign entity does not have a registered agent, to the registered
- 2606 foreign entity's principal office.
- 2607 (3) The division shall include in a notice of termination or a notation in the division's
- 2608 records described in Subsection (2):
- 2609 (a) the effective date of the termination, which the division shall set at least 60 days after

- 2610 the day on which the division delivers the copy of the notice or copy of the
 2611 information in the notation in the division's records; and
 2612 (b) the grounds under which the division terminates the registered foreign entity's
 2613 registration under Subsection (1).
 2614 (4) The registration of a registered foreign entity to do business in this state ends on the
 2615 effective date of the notice of termination or notation in the division's records described
 2616 in Subsection (2), unless before the effective date, the entity cures each ground for
 2617 termination the division states in the notice of termination or notation in the division's
 2618 records.
 2619 (5) If a registered foreign entity cures each ground for termination in accordance with
 2620 Subsection (4), the division shall file a record stating that the registered foreign entity
 2621 has cured each ground for termination.

2622 Section 54. Section **16-1a-601** is enacted to read:

2623 **Part 6. Administrative Dissolution**

2624 **16-1a-601 . Definitions.**

2625 Reserved.

2626 Section 55. Section **16-1a-602** is enacted to read:

2627 **16-1a-602 . Grounds for administrative dissolution of a domestic filing entity.**

2628 The division may bring an action to dissolve a domestic filing entity administratively if
 2629 the domestic filing entity fails to:

- 2630 (1) pay a fee, tax, interest, or penalty that the division requires, within six months after the
 2631 day on which the division requires payment;
 2632 (2) deliver to the division for filing an annual report not later than 60 days after the day on
 2633 which the the annual report is due; or
 2634 (3) maintain a registered agent in this state for 60 consecutive calendar days.

2635 Section 56. Section **16-1a-603** is enacted to read:

2636 **16-1a-603 . Procedure and effect of administrative dissolution of a domestic filing**
 2637 **entity.**

- 2638 (1) If the division determines that one or more conditions for administrative dissolution
 2639 described in Section 16-1a-602 exist, the division shall serve the domestic filing entity
 2640 with a notice of the division's determination.
 2641 (2) A domestic filing entity may for up to 60 days after the day on which the division serves
 2642 the notice described in Subsection (1):
 2643 (a) cure each condition the division lists in the notice; or

2644 (b) demonstrate to the satisfaction of the division that each condition the division lists in
2645 the notice does not exist.

2646 (3) If a domestic filing entity fails to comply with Subsection (2)(a) or (b) within the time
2647 limit described in Subsection (2), the division shall administratively dissolve the
2648 domestic filing entity by signing a statement of administrative dissolution that states:

2649 (a) each condition that prompted the dissolution; and

2650 (b) the effective date of the dissolution.

2651 (4) A domestic filing entity that the division administratively dissolves continues the
2652 domestic filing entity's existence as the same type of entity but may not conduct any
2653 activity except an activity that is necessary to:

2654 (a)(i) wind up the domestic filing entity's activities and affairs; and

2655 (ii) liquidate the domestic filing entity's assets in the manner provided in the domestic
2656 filing entity's domestic law; or

2657 (b) apply for reinstatement in accordance with Section 16-1a-604.

2658 (5) The administrative dissolution of a domestic filing entity does not terminate the
2659 authority of the domestic filing entity's registered agent.

2660 Section 57. Section **16-1a-604** is enacted to read:

2661 **16-1a-604 . Reinstatement of a domestic filing entity.**

2662 (1) A domestic filing entity that is administratively dissolved under Section 1-1a-603 may
2663 apply to the division for reinstatement under the domestic filing entity's same name at
2664 any time after the effective date of dissolution if the domestic filing entity's name is
2665 available and the domestic filing entity delivers to the division for filing an application
2666 for reinstatement that states:

2667 (a) the name of the domestic filing entity at the time of the domestic filing entity's
2668 administrative dissolution and, if needed, a different name that satisfies Section
2669 16-1a-302;

2670 (b) the address of the principal office of the domestic filing entity and the name and
2671 address of the domestic filing entity's registered agent;

2672 (c) the effective date of the domestic filing entity's administrative dissolution;

2673 (d) that the domestic filing entity has paid all fees or penalties imposed under this
2674 chapter or other applicable state law;

2675 (e) that the domestic filing entity:

2676 (i) has paid any tax, fee, or penalty the domestic filing entity owes to the State Tax
2677 Commission; or

- 2678 (ii) is current on a payment plan with the State Tax Commission for any tax, fee, or
2679 penalty the domestic filing entity owes to the State Tax Commission;
- 2680 (f) that the grounds for dissolution do not exist or have been cured;
- 2681 (g) the federal employer identification number of the domestic filing entity if the
2682 domestic filing entity is organized under:
- 2683 (i) Chapter 6a, Utah Revised Nonprofit Corporation Act;
- 2684 (ii) Chapter 10a, Utah Revised Revised Business Corporation Act;
- 2685 (iii) Chapter 10b, Benefit Corporation Act; or
- 2686 (iv) Chapter 11, Professional Corporation Act; and
- 2687 (h) any additional information the division determines to be necessary or appropriate.
- 2688 (2) A domestic filing entity administratively dissolved under Section 16-1a-603 on or after
2689 May 1, 2019, but before May 1, 2024, may apply for reinstatement under the domestic
2690 filing entity's same name if the domestic filing entity's name is available and the
2691 domestic filing entity delivers to the division for filing an application for reinstatement
2692 that satisfies the requirements of Subsection (1).
- 2693 (3) A domestic filing entity retains the domestic filing entity's name and D.B.A., as
2694 described in Section 42-2-105, for five years after the day on which the dissolution is
2695 effective.
- 2696 (4)(a) After receiving a domestic filing entity's application for reinstatement, if the
2697 domestic filing entity is organized under Chapter 6a, Utah Revised Nonprofit
2698 Corporation Act, Chapter 10a, Utah Revised Business Corporation Act, Chapter 10b,
2699 Benefit Corporation Act, or Chapter 11, Professional Corporation Act, the division
2700 shall:
- 2701 (i) provide to the State Tax Commission the domestic filing entity's federal employer
2702 identification number; and
- 2703 (ii) request that the State Tax Commission certify that the domestic filing entity is in
2704 good standing.
- 2705 (b) The State Tax Commission shall certify that a domestic filing entity is in good
2706 standing if the domestic filing entity:
- 2707 (i) has paid each tax, fee, and penalty the domestic filing entity owes to the State Tax
2708 Commission; or
- 2709 (ii) is current on a payment plan with the State Tax Commission for each tax, fee, or
2710 penalty the domestic filing entity owes to the State Tax Commission.
- 2711 (c) If a domestic filing entity is not in good standing as described in Subsection (4)(b),

- 2712 the State Tax Commission shall:
- 2713 (i) notify the division, stating that the domestic filing entity is not in good standing;
- 2714 (ii) notify the domestic filing entity that the domestic filing entity is not in good
- 2715 standing; and
- 2716 (iii) provide to the domestic filing entity a detailed explanation of why the domestic
- 2717 filing entity is not in good standing.
- 2718 (5) With respect to a domestic filing entity applying for reinstatement in accordance with
- 2719 Subsection (1), if the following conditions are met, the division shall take the actions
- 2720 described in Subsection (6):
- 2721 (a) the division determines that an application under Subsection (1) contains the
- 2722 information required by Subsection (1) and that the information contained in the
- 2723 application is correct;
- 2724 (b) the division determines that the domestic filing entity has made each payment that
- 2725 the domestic filing entity is required to make to the division by Subsection (1)(d);
- 2726 (c) the domestic filing entity is organized under Chapter 6a, Utah Revised Nonprofit
- 2727 Corporation Act, Chapter 10a, Utah Revised Business Corporation Act, Chapter 10b,
- 2728 Benefit Corporation Act, or Chapter 11, Professional Corporation Act; and
- 2729 (d) the State Tax Commission certifies that the domestic filing entity is in good standing
- 2730 as described in Subsection (4)(b).
- 2731 (6) If the conditions of Subsection (5) are met, the division shall:
- 2732 (a) cancel the administrative dissolution of the domestic filing entity;
- 2733 (b) prepare a statement of reinstatement that states:
- 2734 (i) how each condition of Subsection (5) is met; and
- 2735 (ii) the effective date of reinstatement;
- 2736 (c) file the statement of reinstatement; and
- 2737 (d) serve a copy of the statement of reinstatement on the domestic filing entity.
- 2738 (7) When reinstatement under this section is effective, the following rules apply:
- 2739 (a) the reinstatement relates back to and takes effect as of the effective date of the
- 2740 administrative dissolution;
- 2741 (b) the domestic filing entity may resume the domestic filing entity's activities and
- 2742 affairs as if the administrative dissolution had not occurred; and
- 2743 (c) the rights of a person arising out of an act or omission in reliance on the dissolution
- 2744 before the person knew or had notice of the reinstatement are not affected.
- 2745 Section 58. Section **16-1a-605** is enacted to read:

2746 **16-1a-605 . Judicial review of a denial of reinstatement.**

- 2747 (1) If the division denies a domestic filing entity's application for reinstatement that
 2748 complies with the provisions of this part, the division shall serve the domestic filing
 2749 entity with a notice in a record that explains the reasons for this denial.
 2750 (2) A domestic filing entity may seek judicial review of the division's denial of the domestic
 2751 filing entity's reinstatement from a court with jurisdiction for up to 30 days after the day
 2752 on which the division serves the domestic filing entity notice of the denial of
 2753 reinstatement.

2754 Section 59. Section **16-1a-701** is enacted to read:

2755 **Part 7. Merger**

2756 **16-1a-701 . Definitions.**

2757 Reserved.

2758 Section 60. Section **16-1a-702** is enacted to read:

2759 **16-1a-702 . Merger authorized.**

- 2760 (1) By complying with this part:
 2761 (a) one or more domestic entities may merge with one or more domestic entities or
 2762 foreign entities into a domestic or foreign entity or a foreign surviving entity; and
 2763 (b) two or more foreign entities may merge into a domestic entity.
 2764 (2) Subject to the provisions of this part, a foreign entity may be a part to a merger or may
 2765 be the surviving entity in a merger if the merger is authorized by the law of the foreign
 2766 entity's jurisdiction of formation.

2767 Section 61. Section **16-1a-703** is enacted to read:

2768 **16-1a-703 . Plan of merger.**

- 2769 (1) A domestic entity may become a party to a merger by approving a plan of merger.
 2770 (2) A plan of merger shall contain:
 2771 (a) each merging entity's:
 2772 (i) name;
 2773 (ii) jurisdiction of formation; and
 2774 (iii) type of entity;
 2775 (b) if the merger creates a surviving entity:
 2776 (i) a statement stating that the merger creates a surviving entity; and
 2777 (ii) the surviving entity's:
 2778 (A) name;
 2779 (B) jurisdiction of formation; and

- 2780 (C) type of entity;
2781 (c) if the surviving entity exists before the merger, any proposed amendment to the
2782 surviving entity's:
2783 (i) public organic record; and
2784 (ii) private organic rules that are, or that the surviving entity proposes to be, in a
2785 record;
2786 (d) the manner by which the interest of each party to the merger will convert to an
2787 interest, a security, an obligation, money, property, or a right to acquire an interest or
2788 security in the surviving entity;
2789 (e) all other terms and conditions of the merger; and
2790 (f) any other provision required by the law of a merging entity's jurisdiction of formation
2791 or the organic rules of a merging entity.

2792 Section 62. Section **16-1a-704** is enacted to read:

2793 **16-1a-704 . Approval of merger.**

- 2794 (1) A plan of merger is not effective unless:
2795 (a) a domestic merging entity approves the plan of merger:
2796 (i) in accordance with the requirements, if any, of the domestic merging entity's
2797 organic law and organic rules for approval of:
2798 (A) for an entity that is not a limited cooperative association, the merger; or
2799 (B) for an entity that is a limited cooperative association, a transaction under this
2800 part; or
2801 (ii) by each interest holder of the domestic merging entity that is entitled to vote or
2802 consent to the plan of merger voting in favor of the plan of merger if:
2803 (A) for an entity that is not a business corporation or a limited cooperative
2804 association, neither the business corporation's nor the limited cooperative
2805 association's organic rules provide for the approval of a merger; or
2806 (B) for an entity that is a limited cooperative association, neither the limited
2807 cooperative association's organic law nor organic rules provide for the approval
2808 of a transaction under this part; and
2809 (b)(i) for a business corporation or a nonprofit corporation, each interest holder of a
2810 domestic merging entity that will have interest holder liability for a debt, an
2811 obligation, or other liability after the merger becomes effective approves the
2812 merger; or
2813 (ii) for an entity that is not a business corporation or a nonprofit corporation:

- 2814 (A) a provision of the entity's organic rules provide for the approval of a merger in
2815 which one or more of the entity's interest holders will become subject to
2816 interest holder liability; and
2817 (B) each interest holder consents to or votes in favor of the provision described in
2818 Subsection (1)(b)(ii)(A) or became an interest holder after the adoption of the
2819 provision.

- 2820 (2) A merger described in this part that involves a foreign merging entity is not effective
2821 unless the foreign entity approves the merger in accordance with the law of the foreign
2822 entity's jurisdiction of formation.

2823 Section 63. Section **16-1a-705** is enacted to read:

2824 **16-1a-705 . Amendment or abandonment of a plan of merger.**

- 2825 (1) Except as otherwise provided in the plan of merger, a plan of merger may be amended
2826 only by the consent of each party to the plan of merger.
2827 (2) A domestic merging entity may approve an amendment to a plan of merger:
2828 (a) in the same manner as the plan of merger was approved, if the plan does not provide
2829 for the manner by which the domestic merging entity may amend the plan of merger;
2830 or
2831 (b) subject to Subsection (3), by the governors or interest holders approving the
2832 amendment in the manner provided in the plan of merger.
2833 (3) A governor or interest holder that was entitled to vote on or consent to the approval of a
2834 merger is entitled to vote on or consent to an amendment that will change:
2835 (a) the amount or kind of interests, securities, obligations, money, other property, rights
2836 to acquire interests or securities, or a combination that the interest holders of a party
2837 to the plan of merger will receive;
2838 (b) the public organic record, if any, or the private organic rules of the surviving entity
2839 that will be in effect immediately after the merger becomes effective, except for a
2840 change that does not require the approval of the interest holders of the surviving
2841 entity under the surviving entity's organic law or organic rules; or
2842 (c) any other term or condition of the plan of merger, if the change would adversely
2843 affect the governor or interest holder in a material respect.
2844 (4)(a) After the parties to a plan of merger approve the plan and before a statement of
2845 merger is effective, the parties to a merger may abandon a plan of merger in a manner
2846 provided in the plan of merger.
2847 (b) Unless prohibited by the plan of merger, a domestic filing entity may abandon the

2848 plan of merger in the same manner as the domestic filing entity approves the plan of
2849 merger.

2850 (5)(a) If the parties to a merger abandon the plan of merger after delivering a statement
2851 of merger to the division for filing, the parties shall deliver to the division for filing a
2852 statement of abandonment, signed by each party to the plan of abandonment.

2853 (b) The parties shall file a statement of abandonment before the day on which the
2854 statement of merger takes effect.

2855 (c) A statement of abandonment under this Subsection (5) takes effect on the day on
2856 which the parties file the statement of abandonment with the division.

2857 (d) After the parties file a statement of abandonment, the plan of merger is abandoned
2858 and does not take effect.

2859 (e) A statement of abandonment shall contain:

2860 (i) the name of each party to the plan of merger;

2861 (ii) the day on which the parties file the statement of merger with the division; and

2862 (iii) a statement that the parties abandon the merger in accordance with this section.

2863 Section 64. Section **16-1a-706** is enacted to read:

2864 **16-1a-706 . Statement of merger -- Effective date of merger.**

2865 (1) Each merging entity shall sign a statement of merger and deliver the statement of
2866 merger to the division for filing.

2867 (2) A statement of merger shall contain:

2868 (a) the name, jurisdiction of formation, and type of entity of each merging entity that is
2869 not the surviving entity;

2870 (b) the name, jurisdiction of formation, and type of entity of the surviving entity;

2871 (c) if the statement of merger is not effective on the day on which each merging entity
2872 files the statement of merger, the date and time on which the statement of merger will
2873 become effective, which shall be no later than 90 days after the day on which each
2874 merging entity files the statement of merger;

2875 (d) a statement that any domestic merging entity that is a party to the merger approves
2876 the merger in accordance with this part;

2877 (e) a statement that any foreign merging entity that is a party to the merger approves the
2878 merger in accordance with the law of the foreign merging entity's jurisdiction of
2879 formation;

2880 (f) if the surviving entity exists before the merger and is a domestic filing entity, any
2881 amendment to the surviving filing entity's public organic record the parties to the

- 2882 merger approve as part of the plan of merger;
- 2883 (g) if the surviving entity is created by the merger and is a domestic filing entity, the
- 2884 domestic filing entity's public organic record;
- 2885 (h) if the surviving entity is created by the merger and is a domestic limited liability
- 2886 partnership, the surviving entity's statement of qualification; and
- 2887 (i) if the surviving entity is a foreign entity that is not a registered foreign entity, a
- 2888 mailing address to which the division may send any process served on the division.
- 2889 (3) In addition to the requirements described in Subsection (2), a statement of merger may
- 2890 contain any other provision not prohibited by law.
- 2891 (4)(a) Except as provided in Subsection (4)(b), if the surviving entity is a domestic
- 2892 entity, the surviving entity's public record, if any exists, shall satisfy the requirements
- 2893 of the law of this state.
- 2894 (b) A surviving entity that is a domestic entity:
- 2895 (i) is not required to sign the surviving entity's public organic record; and
- 2896 (ii) may omit any provision that the surviving entity is not required to include in a
- 2897 restatement of the public organic record.
- 2898 (5)(a) A party to a merger may deliver a plan of merger that each merging entity signs
- 2899 and that meets all the requirements described in Subsection (2) to the division for
- 2900 filing instead of a statement of merger.
- 2901 (b) A party delivering a plan of merger in accordance with Subsection (5)(a) has the
- 2902 same effect as filing a statement of merger.
- 2903 (c) If a party files a plan of merger in accordance with Subsection (5)(a), for purposes of
- 2904 complying with this part, the plan of merger shall serve as the statement of merger.
- 2905 (6) A statement of merger is effective on:
- 2906 (a) the day and time on which a person files the statement of merger with the division; or
- 2907 (b) a date and time specified in the statement of merger that is later than the day and
- 2908 time on which the person files the statement of merger.
- 2909 (7) If the surviving entity is a domestic entity, a merger becomes effective on the day and
- 2910 time on which the statement of merger is effective.
- 2911 (8) If the surviving entity is a foreign entity, a merger takes effect on the later of:
- 2912 (a) the day and time provided in the organic law of the surviving entity; or
- 2913 (b) the day and time on which the statement is effective.
- 2914 Section 65. Section **16-1a-707** is enacted to read:
- 2915 **16-1a-707 . Effect of merger.**

- 2916 (1) On or after the day and time on which a merger under this part takes effect:
- 2917 (a) the surviving entity continues the surviving entity's existence or comes into existence;
- 2918 (b) a merging entity that is not the surviving entity ceases to exist;
- 2919 (c) all property belonging to each merging entity vests in the surviving entity without
- 2920 transfer, reversion, or impairment;
- 2921 (d) each debt, obligation, or other liability of each merging entity becomes a debt,
- 2922 obligation, or other liability of the surviving entity;
- 2923 (e) except as otherwise provided by law or the plan of merger, each right, privilege,
- 2924 immunity, power, and purpose of each merging entity vests in the surviving entity;
- 2925 (f) if the surviving entity exists before the merger:
- 2926 (i) all the surviving entity's property remains vested with the surviving entity without
- 2927 transfer, reversion, or impairment;
- 2928 (ii) the surviving entity remains subject to each debt, obligation, or other liability of
- 2929 the surviving entity's; and
- 2930 (iii) each right, privilege, immunity, power, and purpose of the surviving entity
- 2931 remain vested in the surviving entity;
- 2932 (g) if the surviving entity is created by the merger, the surviving entity's private organic
- 2933 rules are effective and:
- 2934 (i) if the surviving entity is a filing entity, the surviving entity's public organic record
- 2935 is effective; or
- 2936 (ii) if the surviving entity is a limited liability partnership, the surviving entity's
- 2937 statement of qualification is effective; and
- 2938 (h)(i) each interest in each merging entity that is subject to conversion under the
- 2939 merger is converted; and
- 2940 (ii) an interest holder of an interest described in Subsection (1)(h)(i) is entitled only
- 2941 to the rights provided to the interest holder in:
- 2942 (A) the plan of merger;
- 2943 (B) the appraisal rights described in Section 16-1a-708; and
- 2944 (C) the merging entity's organic law.
- 2945 (2) Except as otherwise provided in the organic law or organic rules of a merging entity, a
- 2946 merger under this part does not give rise to a right that an interest holder, governor, or
- 2947 third party would have upon the dissolution, liquidation, or winding up of a merging
- 2948 entity.
- 2949 (3) On or after the day and time on which a merger takes effect, if a person did not have

- 2950 interest holder liability to any of the merging entities and after the merger takes effect
2951 becomes subject to interest holder liability as a result of the merger, the person has
2952 interest holder liability:
- 2953 (a) only to the extent provided by the organic law of the surviving entity; and
2954 (b) only for a debt, obligation, or other liability the surviving entity incurs after the
2955 merger takes effect.
- 2956 (4)(a) A merger does not discharge any interest holder liability under the organic law of
2957 the domestic merging entity to the extent the person incurs interest holder liability
2958 before the merger takes effect.
- 2959 (b) A person does not have interest holder liability under the organic law of the domestic
2960 merging entity for a debt, obligation, or other liability that the surviving entity incurs
2961 after the merger takes effect.
- 2962 (c) The organic law of a domestic merging entity continues to apply to the release,
2963 collection, or discharge of any interest holder liability described in Subsection (4)(a).
- 2964 (d) A person has whatever rights of contribution from any other person that exist in law
2965 other than this part or the organic rules of the domestic merging entity relating to any
2966 interest holder liability described in Subsection (4)(a).
- 2967 (5) On or after the day and time on which a merger takes effect, a person may serve a
2968 foreign entity that is the surviving entity with process for the collection and enforcement
2969 of any debt, obligation, or other liability of a domestic merging entity in accordance with
2970 applicable law.
- 2971 (6) On or after the day and time on which a merger takes effect, the registration to do
2972 business in this state of a foreign merging entity that is not the surviving entity is
2973 canceled.

2974 Section 66. Section **16-1a-708** is enacted to read:

2975 **16-1a-708 . Appraisal rights.**

- 2976 (1) As used in this section, "new entity" means a:
- 2977 (a) merging entity;
2978 (b) converting entity; or
2979 (c) domesticating entity.
- 2980 (2) An interest holder of a new entity is entitled to an appraisal right in connection with the
2981 merger, conversion, or domestication if the interest holder would have been entitled to
2982 an appraisal right under the new entity's organic law unless:
- 2983 (a) the organic law permits the organic rules to limit or eliminate the availability of an

3018 (c) a foreign entity may be an acquiring or acquired entity in an interest exchange under
3019 this part if the law of the foreign entity's jurisdiction of formation authorizes the
3020 interest exchange.

3021 (2) If a protected agreement contains a provision that applies to a merger of a domestic
3022 entity but does not refer to an interest exchange, the provision applies to an interest
3023 exchange in which the domestic entity is the acquired entity as if the interest exchange
3024 were a merger until the day on which a person amends the provision.

3025 (3) This section does not apply to a transaction described in Chapter 6a, Utah Revised
3026 Nonprofit Corporation Act.

3027 Section 70. Section **16-1a-803** is enacted to read:

3028 **16-1a-803 . Plan of interest exchange.**

3029 (1) A domestic entity may be the acquired entity in an interest exchange under this part by
3030 approving a plan of interest exchange.

3031 (2) A domestic entity shall create a plan of interest exchange in a record and include in the
3032 plan of exchange:

3033 (a) the name and type of entity of the acquired entity;

3034 (b) the name, jurisdiction, and type of entity of the acquiring entity;

3035 (c) the process of converting the interests in the acquired entity into interests, securities,
3036 obligations, money, other property, or rights to acquire interests or securities;

3037 (d) any proposed amendment to:

3038 (i) the public organic record, if any, of the acquired entity;

3039 (ii) the private organic rules of the acquired entity that are, or are proposed to be, in a
3040 record;

3041 (iii) other terms and conditions of the interest exchange; and

3042 (iv) any other provision required by the law of this state or the organic rules of the
3043 acquired entity.

3044 (3) In addition to the requirements described in Subsection (2), a plan of interest exchange
3045 may contain any other provision not prohibited by law.

3046 Section 71. Section **16-1a-804** is enacted to read:

3047 **16-1a-804 . Approval of interest exchange.**

3048 (1) A plan of interest exchange is only effective if:

3049 (a) an acquired domestic entity approves the plan of exchange:

3050 (i) in accordance with the requirements, if any, in the acquired domestic entity's
3051 organic law and organic rules for approval of an interest exchange;

- 3052 (ii) if the domestic acquired entity's organic law or organic rules do not provide for
3053 approval of an interest exchange, in accordance with the requirements, if any, of
3054 the domestic acquired entity's organic law and organic rules for the approval of:
3055 (A) for an entity that is not a business corporation or a limited cooperative
3056 association, a merger as if the interest exchange were a merger;
3057 (B) for a business corporation, a merger requiring approval by a vote of the
3058 interest holders of the business corporation as if the interest exchange were that
3059 type of merger; or
3060 (C) for a limited cooperative association, a transaction under this part; or
3061 (iii) by a majority vote of each interest holder of the acquired domestic entity that is
3062 entitled to vote on or consent to any matter if:
3063 (A) for an entity that is not a business corporation or limited cooperative
3064 association, the entity's organic law or organic rules do not provide for the
3065 approval of an interest exchange or a merger; or
3066 (B) for a limited cooperative association, the entity's organic law or organic rules
3067 do not provide for the approval of an interest exchange or a transaction under
3068 this part;
3069 (b) the acquired domestic entity approves the plan of exchange in a record, by each
3070 interest holder of an acquired domestic entity that will have interest holder liability
3071 for any debt, obligation, or other liability that the acquired domestic entity incurs
3072 after the interest exchange takes effect; and
3073 (c) if the acquired domestic entity is not a business corporation or nonprofit corporation,
3074 the requirements of Subsection (1)(b) do not apply if:
3075 (i) the organic rules of the acquired domestic entity contain in a record a provision
3076 that provides for the approval of an interest exchange or a merger in which some
3077 or all of the acquired domestic entity's interest holders become subject to interest
3078 holder liability by the vote or consent of fewer than all of the interest holders; and
3079 (ii) the interest holders consent in a record to or vote for the provision described in
3080 Subsection (1)(c)(i) of the organic rules or became an interest holder after the
3081 adoption of that provision.
3082 (2) An interest exchange involving a foreign acquired entity is not effective unless the
3083 foreign entity approves the interest exchange in accordance with the law of the foreign
3084 entity's jurisdiction of formation.
3085 (3) Except as otherwise provided in the acquiring entity's organic law or organic rules, the

- 3086 acquiring entity's interest holders are not required to approve an interest exchange.
- 3087 Section 72. Section **16-1a-805** is enacted to read:
- 3088 **16-1a-805 . Amendment or abandonment of plan of interest exchange.**
- 3089 (1) A plan of interest exchange may be amended only with the consent of each party to the
- 3090 plan of interest exchange, except as otherwise provided in the plan of interest exchange.
- 3091 (2) A domestic acquired entity may approve an amendment to a plan of interest exchange:
- 3092 (a) in the same manner as the plan of interest exchange was approved, if the plan of
- 3093 interest exchange does not provide for the manner by which a person may amend the
- 3094 plan of interest exchange; or
- 3095 (b) except as provided in Subsection (3), by the domestic acquired entity's governors or
- 3096 interest holders in the manner provided in the plan of interest exchange.
- 3097 (3) An interest holder that was entitled to vote on or consent to the approval of an interest
- 3098 exchange is entitled to vote on or consent to an amendment to the plan of interest
- 3099 exchange that will change:
- 3100 (a) the amount or kind of interests, securities, obligations, money, other property, or
- 3101 rights to acquire interests or securities that the interest holders of the acquired entity
- 3102 will receive under the plan of interest exchange;
- 3103 (b) the public organic record, if any, or private organic rules of the acquired entity that
- 3104 will be in effect immediately after the interest exchange takes effect, except for a
- 3105 change that does not require approval of the interest holders of the acquired entity
- 3106 under the acquired entity's organic law or organic rules; or
- 3107 (c) any other term or condition of the plan of interest exchange if the change would
- 3108 adversely affect the interest holder in a material respect.
- 3109 (4)(a) After a plan of interest exchange is approved and before a statement of interest
- 3110 exchange takes effect, the plan of interest exchange may be abandoned as provided in
- 3111 the plan of interest exchange.
- 3112 (b) Unless prohibited by the plan of interest exchange a domestic acquired entity may
- 3113 abandon the plan of interest exchange in the same manner as the plan of interest
- 3114 exchange was approved.
- 3115 (5)(a) If a plan of interest exchange is abandoned after a statement of interest exchange
- 3116 is delivered to the division for filing and before the statement of interest exchange
- 3117 takes effect, the acquired entity shall:
- 3118 (i) sign a statement of abandonment; and
- 3119 (ii) deliver the statement of abandonment to the division for filing before the

- 3120 statement of interest exchange takes effect.
- 3121 (b) A statement of abandonment takes effect on the day and time on which the acquired
- 3122 entity delivers the statement of abandonment to the division for filing.
- 3123 (c) After a statement of abandonment takes effect, the interest exchange is abandoned
- 3124 and does not become effective.
- 3125 (6) A statement of abandonment shall contain:
- 3126 (a) the name of the acquired entity;
- 3127 (b) the day on which the acquired entity delivers the statement of interest exchange to
- 3128 the division for filing; and
- 3129 (c) a statement that the interest exchange has been abandoned in accordance with this
- 3130 section.

3131 Section 73. Section **16-1a-806** is enacted to read:

3132 **16-1a-806 . Statement of interest exchange -- Effective date of interest exchange.**

- 3133 (1) A domestic acquired entity shall sign a statement of interest exchange and deliver the
- 3134 statement of interest exchange to the division for filing.
- 3135 (2) A statement of interest exchange shall contain:
- 3136 (a) the acquired entity's name and type of entity;
- 3137 (b) the acquiring entity's name, jurisdiction of formation and type of entity;
- 3138 (c) if the statement of interest exchange is not to be effective upon filing, the later day
- 3139 and time on which the statement of interest exchange will become effective, which
- 3140 may not be more than 90 days after the day on which the division files the statement
- 3141 of interest exchange;
- 3142 (d) a statement that the acquired entity approved the plan of interest exchange in
- 3143 accordance with Section 16-1a-804; and
- 3144 (e) any amendment to the acquired entity's public record, if any, that was approved as
- 3145 part of the interest exchange.
- 3146 (3) In addition to the requirements of Subsection (2), a statement of interest exchange may
- 3147 contain any other provision not prohibited by law.
- 3148 (4)(a) A domestic acquired entity may deliver a plan of interest exchange that the
- 3149 domestic acquired entity signs and that meets all the requirements of Subsection (2)
- 3150 to the division for filing instead of a statement of interest exchange.
- 3151 (b) A domestic acquired entity delivering a plan of interest exchange to the division in
- 3152 accordance with Subsection (4)(a) has the same effect as delivering a statement of
- 3153 interest exchange to the division.

3154 (c) If a domestic acquired entity delivers a plan of interest exchange as described in this
3155 Subsection (4), all references to a statement of interest exchange in this part refer to
3156 the plan of interest exchange for that plan of interest exchange.

3157 (5) A statement of interest exchange takes effect on the day and time:

3158 (a) on which the domestic acquired entity delivers the statement of interest exchange to
3159 the division for filing; or

3160 (b) specified in the statement of interest exchange that is later than the day and time on
3161 which the domestic acquired entity delivers the statement of interest exchange to the
3162 division for filing.

3163 (6) An interest exchange in which the acquired entity is a domestic entity takes effect when
3164 the statement of interest exchange takes effect.

3165 Section 74. Section **16-1a-807** is enacted to read:

3166 **16-1a-807 . Effect of interest exchange.**

3167 (1) When an interest exchange in which the acquired entity is a domestic entity takes effect:

3168 (a) each interest in the domestic acquired entity that is subject to the interest exchange is
3169 converted, and each interest holder of an interest is entitled only to:

3170 (i) the rights provided to the interest holder:

3171 (A) under the plan of interest exchange; or

3172 (B) in the acquired entity's organic law; and

3173 (ii) any appraisal rights provided in Section 16-1a-708;

3174 (b) the acquiring entity becomes the interest holder of each interest in the acquired entity
3175 stated in the plan of interest exchange that the acquiring entity will acquire;

3176 (c) the public organic record, if any, of the acquired entity is amended to the extent
3177 provided in the statement of interest exchange; and

3178 (d) the private organic rules of the acquired entity that are to be in a record, if any, are
3179 amended to the extent provided in the plan of interest exchange.

3180 (2) Except as otherwise provided in the organic law or organic rules of the acquired entity,
3181 an interest exchange does not give rise to any right that an interest holder, governor, or
3182 third party would have upon a dissolution, liquidation, or winding up of the acquired
3183 entity.

3184 (3) When an interest exchange takes effect:

3185 (a) a person that did not have interest holder liability with respect to the acquired entity
3186 and becomes subject to interest holder liability with respect to a domestic entity as a
3187 result of the interest exchange has interest holder liability only:

- 3188 (i) to the extent provided by the organic law of the domestic entity; and
 3189 (ii) for a debt, obligation, or other liability that the domestic entity incurs after the
 3190 interest exchange takes effect; and
 3191 (b) the following conditions apply to the interest holder liability of a person that no
 3192 longer holds an interest in a domestic acquired entity if the person had interest holder
 3193 liability in the domestic acquired entity:
 3194 (i) the interest exchange does not discharge any interest holder liability under the
 3195 organic law of the domestic acquired entity to the extent the person incurred the
 3196 interest holder liability before the interest exchange became effective;
 3197 (ii) the person does not have interest holder liability under the organic law of the
 3198 domestic acquired entity for a debt, obligation, or other liability that the domestic
 3199 acquired entity incurs after the interest exchange takes effect;
 3200 (iii) the person does not have interest holder liability under the organic law of the
 3201 domestic entity for any debt, obligation, or other liability preserved under
 3202 Subsection (3)(b)(i) as though the interest exchange had not occurred; and
 3203 (iv) the person has whatever rights of contribution from any other person in
 3204 accordance with other law or the organic law or organic rules of the domestic
 3205 acquired entity with respect to any interest holder liability preserved under
 3206 Subsection (3)(b)(i) as if the interest exchange had not occurred.

3207 Section 75. Section **16-1a-901** is enacted to read:

3208 **Part 9. Conversion**

3209 **16-1a-901 . Definitions.**

3210 Reserved.

3211 Section 76. Section **16-1a-902** is enacted to read:

3212 **16-1a-902 . Conversion authorized.**

- 3213 (1) By complying with this part, a domestic entity may become:
 3214 (a) a domestic entity that is a different type of entity; or
 3215 (b) a foreign entity that is a different type of entity, if the conversion is authorized by the
 3216 law of the foreign entity's jurisdiction of formation.
 3217 (2) By complying with the provisions of this part that are applicable to foreign entities, a
 3218 foreign entity may become a domestic entity that is a different type of entity if the
 3219 conversion is authorized by the law of the foreign entity's jurisdiction of formation.
 3220 (3) If a protected agreement contains a provision that applies to a merger of a domestic
 3221 entity but does not refer to a conversion, the provision applies to a conversion of the

3222 entity as if the conversion were a merger until the provision is amended after May 7,
3223 2026.

3224 Section 77. Section **16-1a-903** is enacted to read:

3225 **16-1a-903 . Plan of conversion.**

- 3226 (1) A domestic entity may convert to a different type of entity by approving a plan of
3227 conversion.
- 3228 (2) A domestic entity shall ensure that the plan of conversion is in a record and contains:
- 3229 (a) the converting entity's name, jurisdiction of formation, and type of entity;
- 3230 (b) the converted entity's name, jurisdiction of formation, and type of entity;
- 3231 (c) the manner of converting the interest in the converting entity into interest, securities,
3232 obligations, money, other property, or rights to acquire interests or securities;
- 3233 (d) the proposed public organic record of the converted entity if the converted entity will
3234 be a filing entity;
- 3235 (e) the full text of the private organic rules of the converted entity that are proposed to
3236 be in a record;
- 3237 (f) the other terms and conditions of the conversion; and
- 3238 (g) any other provision required by the law of this state or the organic rules of the
3239 converting entity.
- 3240 (3) In addition to the requirements of Subsection (2), a plan of conversion may contain any
3241 provision not prohibited by law.

3242 Section 78. Section **16-1a-904** is enacted to read:

3243 **16-1a-904 . Approval of conversion.**

- 3244 (1) A plan of conversion does not take effect unless:
- 3245 (a) a domestic converting entity approves the plan of conversion:
- 3246 (i) in accordance with the requirements, if any, in the domestic converting entity's
3247 organic rules for approval of a conversion;
- 3248 (ii) if the domestic converting entity's organic rules do not provide for the approval of
3249 a conversion, in accordance with the requirements, if any, in the converting
3250 entity's organic law and organic rules for the approval of:
- 3251 (A) for an entity that is not a business corporation or a limited cooperative
3252 association, a merger, as if the conversion were a merger;
- 3253 (B) for a business corporation, a merger requiring approval by a vote of the
3254 interest holders of the business corporation, as if the conversion were that type
3255 of merger; and

3256 (C) for a limited cooperative association, a transaction authorized under this part;
 3257 or

3258 (iii) by each interest holder of the entity that is entitled to vote on or consent to any
 3259 matter if:

3260 (A) for an entity that is not a business corporation or a limited cooperative
 3261 association, the entity's organic law and organic rules do not provide for the
 3262 approval of a conversion or a merger; or

3263 (B) for a limited cooperative association, the limited cooperative association's
 3264 organic law and organic rules do not provide for the approval of a conversion
 3265 or a transaction under this part;

3266 (b) each interest holder of a domestic converting entity that will have interest holder
 3267 liability for a debt, obligation, or other liability that the domestic converting entity
 3268 incurs after the conversion approves the plan of conversion in a record; and

3269 (c) for an entity that is not a business corporation or a nonprofit corporation, the entity
 3270 complies with the provisions of Subsection (1)(b), unless:

3271 (i) the organic rules of the entity contain a provision that provides in a record for the
 3272 approval of an interest exchange or a merger in which some or all of the entity's
 3273 interest holders become subject to interest holder liability by the vote or consent
 3274 of fewer than all the interest holders; and

3275 (ii) the interest holders consent in a record to or vote for the provision described in
 3276 Subsection (1)(c)(i) or became an interest holder after the adoption of the
 3277 provision.

3278 (2) A conversion of a foreign converting entity does not take effect until the foreign entity
 3279 approves the conversion in accordance with the law of the foreign entity's jurisdiction of
 3280 formation.

3281 Section 79. Section **16-1a-905** is enacted to read:

3282 **16-1a-905 . Amendment or abandonment of plan of conversion.**

3283 (1) A domestic converting entity may amend the domestic converting entity's plan of
 3284 conversion:

3285 (a) in the same manner as the domestic converting entity approved the plan of
 3286 conversion, if the plan does not provide for the manner by which the domestic
 3287 converting entity may amend the plan of conversion;

3288 (b) by the domestic converting entity's governors or interest holders in the manner
 3289 provided in the plan of conversion, but an interest holder that was entitled to vote on

3290 or consent to approval of the conversion may vote on or consent to any amendment to
3291 the plan that will change:

3292 (i) the amount or kind of interests, securities, obligations, money, other property, or
3293 rights to acquire interest or securities that the interest holders of the converting
3294 entity will receive under the plan of conversion;

3295 (ii) the public organic record, if any, or private organic rules of the converted entity
3296 that will be in effect immediately after the conversion takes effect, except for
3297 changes that do not require approval of the converted entity's interest holders
3298 under the converted entity's organic law or organic rules; or

3299 (iii) any other term or condition of the plan, if the change would adversely affect the
3300 interest holder in a material respect.

3301 (2)(a) After a domestic converting entity approves a plan of conversion and before a
3302 statement of conversion is effective, the domestic converting entity may abandon the
3303 plan of conversion as provided in the plan of conversion.

3304 (b) Unless prohibited by the plan of conversion, a domestic converting entity may
3305 abandon the plan in the same manner as the domestic converting entity approved the
3306 plan of conversion.

3307 (3) If a domestic converting entity abandons a plan of conversion after a statement of
3308 conversion has been delivered to the division for filing and before the statement is
3309 effective, the domestic converting entity shall:

3310 (a) sign a statement of abandonment; and

3311 (b) deliver the signed statement of abandonment to the division for filing before the
3312 statement of conversion takes effect.

3313 (4) A statement of abandonment takes effect on the day and time on which the division files
3314 the statement of abandonment and the conversion is abandoned and does not take effect.

3315 (5) A statement of abandonment shall contain:

3316 (a) the name of the converting entity;

3317 (b) the day on which the converting entity files the statement of conversion with the
3318 division; and

3319 (c) a statement that the domestic converting entity abandoned the conversion in
3320 accordance with this section.

3321 Section 80. Section **16-1a-906** is enacted to read:

3322 **16-1a-906 . Statement of conversion -- Effective date of conversion.**

3323 (1) A converting entity shall sign a statement of conversion and deliver the statement of

- 3324 conversion to the division for filing.
- 3325 (2) A statement of conversion shall contain:
- 3326 (a) the converting entity's name, jurisdiction of formation, and type of entity;
- 3327 (b) the converted entity's name, jurisdiction of formation and type of entity;
- 3328 (c) if the statement of conversion is not to be effective upon filing, the later day and time
- 3329 on which the statement of conversion will take effect, which may not be more than
- 3330 90 days after the day on which the division files the statement of conversion;
- 3331 (d)(i) if the converting entity is a domestic entity, a statement that the converting
- 3332 entity approved the plan of conversion in accordance with Section 16-1a-904; or
- 3333 (ii) if the converting entity is a foreign entity, a statement that the converting entity
- 3334 approved the plan of conversion in accordance with the law of the converting
- 3335 entity's jurisdiction of formation;
- 3336 (e) if the converting entity is a domestic entity, the converting entity's public organic
- 3337 record;
- 3338 (f) if the converted entity is a domestic limited liability partnership, the converted
- 3339 entity's statement of qualification; and
- 3340 (g) if the converted entity is a foreign entity that is not a registered foreign entity, a
- 3341 mailing address to which the division may send any process served on the division.
- 3342 (3) In addition to the requirements of Subsection (2), a statement of conversion may contain
- 3343 any other provision not prohibited by law.
- 3344 (4) If the converted entity is a domestic entity, the converted entity's public organic record,
- 3345 if any, shall satisfy the requirements of the laws of this state, except that the public
- 3346 organic record:
- 3347 (a) is not required to be signed; and
- 3348 (b) is not required to be included in a restatement of the public organic record.
- 3349 (5)(a) A domestic converting entity may deliver a plan of conversion that a domestic
- 3350 converting entity signs and that meets all of the requirements of Subsection (2) to the
- 3351 division for filing instead of a statement of conversion.
- 3352 (b) A domestic converting entity delivering a plan of conversion in accordance with
- 3353 Subsection (5)(a) has the same effect as delivering a statement of conversion to the
- 3354 division.
- 3355 (c) If a domestic converting entity delivers a plan of conversion as described in this
- 3356 Subsection (5), all references to a statement of conversion refer to the plan of
- 3357 conversion filed in accordance with this part.

- 3358 (6) A statement of conversion takes effect on the day and time:
- 3359 (a) on which the domestic converting entity delivers the statement of conversion to the
- 3360 division for filing; or
- 3361 (b) specified in the statement of conversion that is later than the day and time on which
- 3362 the domestic converting entity delivers the statement of conversion to the division for
- 3363 filing.
- 3364 (7)(a) If a converted entity is a domestic entity, a conversion takes effect on the day and
- 3365 time on which the statement of conversion takes effect.
- 3366 (b) If a converted entity is a foreign entity, the conversion takes effect on the later of:
- 3367 (i) the day and time provided by the organic law of the converted entity; or
- 3368 (ii) the day and time on which the statement of conversion takes effect.
- 3369 Section 81. Section **16-1a-907** is enacted to read:
- 3370 **16-1a-907 . Effect of conversion.**
- 3371 (1) When a conversion takes effect:
- 3372 (a) the converted entity is:
- 3373 (i) organized under and subject to the organic law of the converted entity; and
- 3374 (ii) the same entity without interruption as the converting entity;
- 3375 (b) all property of the converting entity continues to be vested in the converted entity
- 3376 without transfer, reversion, or impairment;
- 3377 (c) each debt, obligation, and other liability of the converting entity continues as a debt,
- 3378 obligation, and other liability of the converted entity;
- 3379 (d) except as otherwise provided by law or the plan of conversion, each right, privilege,
- 3380 immunity, power, and purpose of the converting entity remain in the converted entity;
- 3381 (e) the name of the converted entity may be substituted for the name of the converting
- 3382 entity in a pending action or proceeding;
- 3383 (f) if a converted entity is a filing entity, the converted entity's public organic record
- 3384 takes effect;
- 3385 (g) if the converted entity is a limited liability partnership, the converted entity's
- 3386 statement of qualification is effective;
- 3387 (h) the private organic rules of the converted entity that are to be in a record, if any,
- 3388 approved as part of the plan of conversion take effect;
- 3389 (i) each interest in the converting entity are converted, and each interest holder of the
- 3390 converting entity is entitled only to:
- 3391 (i) the rights provided to the interest holder under the plan of conversion;

- 3392 (ii) appraisal rights described in Section 16-1a-708; and
- 3393 (iii) the converting entity's organic law;
- 3394 (j) a person that did not have interest holder liability with respect to the converting entity
3395 and becomes subject to interest holder liability with respect to a domestic entity as a
3396 result of the conversion has interest holder liability:
- 3397 (i) only to the extent provided by the organic law of the entity; and
- 3398 (ii) only for a debt, obligation, or other liability that the converting entity incurs after
3399 the conversion takes effect;
- 3400 (k) the following conditions apply to the interest holder liability of a person that no
3401 longer holds an interest in a domestic converting entity if the person had interest
3402 holder liability in the domestic converting entity:
- 3403 (i) the conversion does not discharge any interest holder liability under the organic
3404 law of the domestic converting entity to the extent the person incurred the interest
3405 holder liability before the conversion takes effect;
- 3406 (ii) the person does not have interest holder liability under the organic law of the
3407 domestic converting entity for a debt, obligation, or other liability that the
3408 converted entity incurs after the conversion takes effect;
- 3409 (iii) the organic law of the domestic converting entity continues to apply to the
3410 release, collection, or discharge of any interest holder liability preserved under
3411 Subsection (1)(k)(i) as if the conversion does not occur; and
- 3412 (iv) the person has whatever rights of contribution from any other person as provided
3413 by other law or the organic rules of the domestic converting entity with respect to
3414 any interest holder liability preserved under Subsection (1)(k)(i) as if the
3415 conversion does not occur; and
- 3416 (l) a person may serve a foreign entity that is the converted entity with process in this
3417 state for the collection and enforcement of any of the foreign entity's debts,
3418 obligations, and other liabilities in accordance with applicable law.
- 3419 (2) Except as otherwise provided in the organic law or organic rules of a converting entity,
3420 a conversion does not give rise to a right that an interest holder, a governor, or a third
3421 party would have upon the dissolution, liquidation, or winding up of the converting
3422 entity.
- 3423 (3) If a converting entity is a registered foreign entity, the converting entity's registration to
3424 do business is canceled when the conversion takes effect.
- 3425 (4) A conversion does not require an entity to wind up the entity's affairs and does not

3426 constitute or cause the dissolution of the entity.

3427 Section 82. Section **16-1a-1001** is enacted to read:

3428 **Part 10. Domestication**

3429 **16-1a-1001 . Definitions.**

3430 Reserved.

3431 Section 83. Section **16-1a-1002** is enacted to read:

3432 **16-1a-1002 . Domestication authorized.**

3433 (1) Except as otherwise provided in this section, by complying with this part:

3434 (a) a domestic entity may become a domestic entity of the same type of entity in a
3435 foreign jurisdiction if the domestication is authorized by the law of the foreign
3436 jurisdiction; and

3437 (b) a foreign entity may become a domestic entity of the same type of entity in this state
3438 if the domestication is authorized by the law of the foreign entity's jurisdiction of
3439 formation.

3440 (2) If a protected agreement contains a provision that applies to a merger of a domestic
3441 entity but does not refer to domestication, the provision applies to a domestication of the
3442 entity as if the domestication were a merger until the provision is amended after May 7,
3443 2026.

3444 Section 84. Section **16-1a-1003** is enacted to read:

3445 **16-1a-1003 . Plan of domestication.**

3446 (1) A domestic entity may become a foreign entity in a domestication by approving a plan
3447 of domestication.

3448 (2) The domestic entity shall ensure that a plan of domestication is in a record and that the
3449 plan of domestication contains:

3450 (a) the domesticating entity's name, jurisdiction of formation, and type of entity;

3451 (b) the domesticated entity's name, jurisdiction of formation, and type of entity;

3452 (c) the manner of converting the interests in the domesticating entity into interests,
3453 securities, obligations, money, other property, or rights to acquire interests and
3454 securities;

3455 (d) the proposed public organic record of the domesticated entity if the domesticated
3456 entity is a filing entity;

3457 (e) the full text of the private organic rules of the domesticated entity that are proposed
3458 to be in a record;

3459 (f) the other terms and conditions of the domestication; and

- 3460 (g) any other provision required by the law of this state or the organic rules of the
3461 domesticating entity.
- 3462 (3) In addition to the requirements described in Subsection (2), a plan of domestication may
3463 contain any other provision not prohibited by law.
- 3464 Section 85. Section **16-1a-1004** is enacted to read:
- 3465 **16-1a-1004 . Approval of domestication.**
- 3466 (1) A plan of domestication does not take effect unless:
- 3467 (a) a domestic domesticating entity approves the plan of domestication:
- 3468 (i) in accordance with the requirements, if any, of the domestic domesticating entity's
3469 organic rules for the approval of a domestication;
- 3470 (ii) if the domestic domesticating entity's rules do not provide for approval of a
3471 domestication, in accordance with the requirements, if any, of the domestic
3472 domesticating entity's organic law and organic rules for the approval of:
- 3473 (A) for an entity that is not a business corporation or limited cooperative
3474 association, a merger, as if the domestication were a merger;
- 3475 (B) for a business corporation, a merger requiring approval for a vote of the
3476 interest holders of the business corporation, as if the domestication was that
3477 type of merger; or
- 3478 (C) for a limited cooperative association, a transaction under this part; or
- 3479 (iii) by each interest holder of the entity entitled to vote on or consent to any matter if:
- 3480 (A) for an entity that is not a business corporation or a limited cooperative
3481 association, the business corporation's or limited cooperative association's
3482 organic law or organic rules do not provide for the approval of a domestication
3483 or merger; or
- 3484 (B) for a limited cooperative association, the limited cooperative association's
3485 organic law or organic rules do not provide for the approval of a domestication
3486 or a transaction under this part;
- 3487 (b) each interest holder that will have interest holder liability for a debt, obligation, or
3488 other liability that a domesticated entity incurs after the domestication takes effect
3489 approves the domestication in a record; and
- 3490 (c) for an entity that is not a business corporation or a nonprofit corporation, the entity
3491 shall comply with the provisions of Subsection (1)(b), unless:
- 3492 (i) the organic rules of the entity contain a provision in a record for the approval of a
3493 domestication or merger in which some or all of the entity's interest holders

3494 become subject to interest holder liability by the vote or consent of fewer than all
3495 the interest holders; and

3496 (ii) the interest holder consented in a record to or vote for the provision described in
3497 Subsection (1)(c)(i) or became an interest holder after the adoption of the
3498 provision.

3499 (2) A domestication of a foreign domesticating entity does not take effect unless the foreign
3500 domesticating entity approves the domestication in accordance with the law of the
3501 foreign entity's jurisdiction of formation.

3502 Section 86. Section **16-1a-1005** is enacted to read:

3503 **16-1a-1005 . Amendment or abandonment of plan of domestication.**

3504 (1) A domestic domesticating entity may amend a plan of domestication for the domestic
3505 domesticating entity:

3506 (a) in the same manner as the domestic domesticating entity approved the plan of
3507 domestication; or

3508 (b) through the domestic domesticating entity's governors or interest holders in the
3509 manner provided in the plan of domestication, if an interest holder that was entitled to
3510 vote on or consent to approval of the domestication is entitled to vote on any
3511 amendment to the plan of domestication that will change:

3512 (i) the amount or kind of interests, securities, obligations, money, other property, or
3513 rights to acquire interest or securities that an interest holder of the domesticating
3514 entity will receive under the plan of domestication;

3515 (ii) the public organic record, if any, or private organic rules of the domesticated
3516 entity that will take effect immediately after the domestication takes effect, except
3517 for any change that does not require the approval of the interest holders of the
3518 domesticated entity under the domesticated entity's organic law or organic rules; or

3519 (iii) any other term or condition of the plan, if the change would adversely affect the
3520 interest holder in any material respect.

3521 (2)(a) After a domestic domesticating entity approves a plan of domestication and before
3522 a statement of domestication takes effect, the domestic domesticating entity may
3523 abandon the plan of domestication as provided in the plan of domestication.

3524 (b) Unless prohibited by the plan of domestication, a domestic domesticating entity may
3525 abandon the plan of domestication in the same manner as the domestic domesticating
3526 entity approved the plan of domestication.

3527 (3) If a domestic domesticating entity abandons a plan of domestication after delivering a

- 3528 statement of domestication to the division for filing and before the statement of
3529 abandonment is effective, the domestic domesticating entity shall:
- 3530 (a) sign a statement of abandonment; and
3531 (b) deliver the signed statement of abandonment to the division for filing before the
3532 statement of domestication takes effect.
- 3533 (4) A statement of abandonment takes effect on the day and time on which the division files
3534 the statement of abandonment and the domestication is abandoned and does not take
3535 effect.
- 3536 (5) A statement of abandonment shall contain:
- 3537 (a) the name of the domesticating entity;
3538 (b) the day on which the domesticating entity files the statement of domestication with
3539 the division; and
3540 (c) a statement that the domestic domesticating entity abandoned the domestication in
3541 accordance with this section.

3542 Section 87. Section **16-1a-1006** is enacted to read:

3543 **16-1a-1006 . Statement of domestication -- Effective date of domestication.**

- 3544 (1) A domesticating entity shall sign a statement of domestication and deliver the statement
3545 of domestication to the division for filing.
- 3546 (2) A statement of domestication shall contain:
- 3547 (a) the domesticating entity's name, jurisdiction of formation, and type of entity;
3548 (b) the domesticated entity's name, jurisdiction of formation and type of entity;
3549 (c) if the statement of domestication is not to be effective upon filing, the later day and
3550 time on which the statement of domestication will take effect, which may not be
3551 more than 90 days after the day on which the division files the statement of
3552 domestication;
- 3553 (d)(i) if the domesticating entity is a domestic entity, a statement that the
3554 domestication entity approved the plan of domestication in accordance with
3555 Section 16-1a-1004; or
- 3556 (ii) if the domesticating entity is a foreign entity, a statement that the domesticating
3557 entity approved the plan of domestication in accordance with the law of the
3558 domesticating entity's jurisdiction of formation;
- 3559 (e) if the domesticated entity is a domestic filing entity, the domesticated entity's public
3560 organic record;
- 3561 (f) if the domesticated entity is a domestic limited liability partnership, the domesticated

- 3562 entity's statement of qualification; and
3563 (g) if the domesticated entity is a foreign entity that is not a registered foreign entity, a
3564 mailing address to which the division may send any process served on the division.
3565 (3) In addition to the requirements of Subsection (2), a statement of domestication may
3566 contain any other provision not prohibited by law.
3567 (4) If the domesticated entity is a domestic entity, the domesticated entity's public organic
3568 record, if any, shall satisfy the requirements of the laws of this state, except that the
3569 public organic record:
3570 (a) is not required to be signed; and
3571 (b) may omit any provision that is not required to be included in a restatement of the
3572 public organic record.
3573 (5)(a) A domestic domesticating entity may deliver a plan of domestication that a
3574 domestic domesticating entity signs and that meets all of the requirements of
3575 Subsection (2) to the division for filing instead of a statement of domestication.
3576 (b) A domestic domesticating entity delivering a plan of domestication in accordance
3577 with Subsection (5)(a) has the same effect as delivering a statement of domestication
3578 to the division.
3579 (c) If a domestic domesticating entity delivers a plan of domestication as described in
3580 this Subsection (5), all references to a statement of domestication refer to the plan of
3581 domestication filed in accordance with this part.
3582 (6) A statement of domestication takes effect on the day and time:
3583 (a) on which the domestic domesticating entity delivers the statement of domestication
3584 to the division for filing; or
3585 (b) specified in the statement of domestication that is later than the day and time on
3586 which the domestic domesticating entity delivers the statement of domestication to
3587 the division for filing.
3588 (7)(a) If a domesticated entity is a domestic entity, a domestication takes effect on the
3589 day and time on which the statement of domestication takes effect.
3590 (b) If a domesticated entity is a foreign entity, the domestication takes effect on the later
3591 of:
3592 (i) the day and time provided by the organic law of the domesticated entity; or
3593 (ii) the day and time on which the statement of domestication takes effect.

3594 Section 88. Section **16-1a-1007** is enacted to read:

3595 **16-1a-1007 . Effect of domestication.**

- 3596 (1) When a domestication takes effect:
- 3597 (a) the domesticated entity is:
- 3598 (i) organized under and subject to the organic law of the domesticated entity; and
- 3599 (ii) the same entity without interruption as the domesticating entity;
- 3600 (b) all of the domesticating entity's property continues to be vested in the domesticated
- 3601 entity without transfer, reversion, or impairment;
- 3602 (c) each debt, obligation, and other liability of the domesticating entity continues as a
- 3603 debt, obligation, and other liability of the domesticated entity;
- 3604 (d) except as otherwise provided by law or the plan of domestication, each right,
- 3605 privilege, immunity, power, and purpose of the domesticating entity remain in the
- 3606 domesticated entity;
- 3607 (e) the name of the domesticated entity may be substituted for the name of the
- 3608 domesticating entity in a pending action or proceeding;
- 3609 (f) if the domesticated entity is a filing entity the domesticated entity's public organic
- 3610 record takes effect;
- 3611 (g) if the domesticated entity is a limited liability partnership, the domesticated entity's
- 3612 statement of qualification takes effect simultaneously with the domestication;
- 3613 (h) the private organic rules of the domesticated entity that are to be in a record, if any,
- 3614 approved as part of the plan of domestication take effect; and
- 3615 (i)(i) each interest in the domesticating entity is converted to the extent and as
- 3616 approved in connection with the domestication; and
- 3617 (ii) each interest holder of the domesticating entity is entitled only to:
- 3618 (A) the rights provided to the interest holder under the plan of domestication;
- 3619 (B) any appraisal rights the interest holder has under Section 16-1a-708; and
- 3620 (C) the rights provided to the interest holder under the domesticating entity's
- 3621 organic law;
- 3622 (j) a person that did not have interest holder liability with respect to the domesticating
- 3623 entity and becomes subject to interest holder liability with respect to a domestic
- 3624 entity as a result of the domestication has interest holder liability:
- 3625 (i) only to the extent provided by the organic law of the entity; and
- 3626 (ii) only for a debt, obligation, or other liability that the domesticating entity incurs
- 3627 after the domestication takes effect; and
- 3628 (k) the following conditions apply to the interest holder liability of a person that no
- 3629 longer holds an interest in a domestic domesticating entity if the person had interest

- 3630 holder liability in the domestic domesticating entity:
- 3631 (i) the domestication does not discharge any interest holder liability under the organic
- 3632 law of the domestic domesticating entity to the extent the person incurred the
- 3633 interest holder liability before the domestication takes effect;
- 3634 (ii) the person does not have interest holder liability under the organic law of the
- 3635 domestic domesticating entity for a debt, obligation, or other liability that the
- 3636 domesticated entity incurs after the domesticating takes effect;
- 3637 (iii) the organic law of the domestic domesticating entity continues to apply to the
- 3638 release, collection, or discharge of any interest holder liability preserved under
- 3639 Subsection (1)(k)(i) as if the domestication does not occur; and
- 3640 (iv) the person has whatever rights of contribution from any other person as provided
- 3641 by other law or the organic rules of the domestic domesticating entity with respect
- 3642 to any interest holder liability preserved under Subsection (1)(k)(i) as if the
- 3643 domestication does not occur.
- 3644 (2) Except as otherwise provided in the organic law or organic rules of the domesticating
- 3645 entity, the domestication does not give rise to any right that an interest holder, governor,
- 3646 or third party would have upon the dissolution, liquidation, or winding up of the
- 3647 domesticating entity.
- 3648 (3) When a domestication takes effect, a person may serve a foreign entity that is the
- 3649 domesticated entity with process in this state for the collection and enforcement of any
- 3650 debt, obligation, or other liability of the foreign entity in accordance with applicable law.
- 3651 (4) If a domesticating entity is a registered foreign entity, the registration to do business in
- 3652 this state of the domesticating entity is canceled when the domestication takes effect.
- 3653 (5) A domestication does not require the domesticating entity to wind up the domesticating
- 3654 entity's affairs and does not constitute or cause the dissolution of the domesticating
- 3655 entity.

3656 Section 89. Section **16-6a-120** is enacted to read:

3657 **16-6a-120 . Provisions Applicable to All Business Entities applicable.**

3658 Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of

3659 this chapter.

3660 Section 90. Section **16-7-17** is enacted to read:

3661 **16-7-17 . Provisions Applicable to All Business Entities applicable.**

3662 Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of

3663 this chapter.

3664 Section 91. Section **16-10a-130** is enacted to read:

3665 **16-10a-130 . Provisions Applicable to All Business Entities applicable.**

3666 Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of
 3667 this chapter.

3668 Section 92. Section **16-10b-107** is enacted to read:

3669 **16-10b-107 . Provisions Applicable to All Business Entities applicable.**

3670 Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of
 3671 this chapter.

3672 Section 93. Section **16-11-17** is enacted to read:

3673 **16-11-17 . Provisions Applicable to All Business Entities applicable.**

3674 Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of
 3675 this chapter.

3676 Section 94. Section **16-12-7** is enacted to read:

3677 **16-12-7 . Provisions Applicable to All Business Entities applicable.**

3678 Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of
 3679 this chapter.

3680 Section 95. Section **16-15-111** is enacted to read:

3681 **16-15-111 . Provisions Applicable to All Business Entities applicable.**

3682 Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of
 3683 this chapter.

3684 Section 96. Section **16-16-121** is enacted to read:

3685 **16-16-121 . Provisions Applicable to All Business Entities applicable.**

3686 Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of
 3687 this chapter.

3688 Section 97. Section **16-18-101**, which is renumbered from Section 48-1d-102 is renumbered
 3689 and amended to read:

3690 **CHAPTER 18. Utah Uniform Partnership Act**

3691 **Part 1. General Provisions**

3692 **[48-1d-102] 16-18-101 . Definitions.**

3693 As used in this chapter:

3694 (1) "Business" includes every trade, occupation, and profession.

3695 (2) "Contribution," except in the phrase "right of contribution," means property or a benefit
 3696 described in Section ~~[48-1d-501]~~ 16-18-501 which is provided by a person to a

- 3697 partnership to become a partner or in the person's capacity as a partner.
- 3698 (3) "Debtor in bankruptcy" means a person that is the subject of:
- 3699 (a) an order for relief under Title 11 of the United States Code or a comparable order
- 3700 under a successor statute of general application; or
- 3701 (b) a comparable order under federal, state, or foreign law governing insolvency.
- 3702 (4)(a) "Distribution" means a transfer of money or other property from a partnership to a
- 3703 person on account of a transferable interest or in a person's capacity as a partner.[-]
- 3704 (b) [~~The term:~~] "Distribution"
- 3705 [(a)] includes:
- 3706 (i) a redemption or other purchase by a partnership of a transferable interest; and
- 3707 (ii) a transfer to a partner in return for the partner's relinquishment of any right to
- 3708 participate as a partner in the management or conduct of the partnership's
- 3709 activities and affairs or have access to records or other information concerning the
- 3710 partnership's activities and affairs[; and] .
- 3711 [~~(b)~~] (c) "Distribution" does not include amounts constituting reasonable compensation
- 3712 for present or past service or payments made in the ordinary course of business under
- 3713 a bona fide retirement plan or other bona fide benefits program.
- 3714 (5) "Division" means the Division of Corporations and Commercial Code.
- 3715 (6) "Foreign limited liability partnership" means a foreign partnership whose partners have
- 3716 limited liability for the debts, obligations, or other liabilities of the foreign partnership
- 3717 under a provision similar to Subsection [~~48-1d-306(3)~~] 16-18-306(3).
- 3718 (7)(a) "Foreign partnership" means an unincorporated entity formed under the law of a
- 3719 jurisdiction other than this state which would be a partnership if formed under the
- 3720 law of this state.
- 3721 (b) [~~The term~~] "Foreign partnership" includes a foreign limited liability partnership.
- 3722 (8) "Jurisdiction," used to refer to a political entity, means the United States, a state, a
- 3723 foreign country, or a political subdivision of a foreign country.
- 3724 (9) "Jurisdiction of formation" means, with respect to an entity, the jurisdiction:
- 3725 (a) under whose law the entity is formed; or
- 3726 (b) in the case of a limited liability partnership or foreign limited liability partnership, in
- 3727 which the partnership's statement of qualification is filed.
- 3728 (10) "Limited liability partnership," except in the phrase "foreign limited liability
- 3729 partnership," means a partnership that has filed a statement of qualification under
- 3730 Section [~~48-1d-1101~~] 16-18-1001 and does not have a similar statement in effect in any

- 3731 other jurisdiction.
- 3732 (11) "Partner" means a person that:
- 3733 (a) has become a partner in a partnership under Section [~~48-1d-401~~] 16-18-401 or was a
- 3734 partner in a partnership when the partnership became subject to this chapter under
- 3735 Section [~~48-1d-1405~~] 16-18-1205; and
- 3736 (b) has not dissociated as a partner under Section [~~48-1d-701~~] 16-18-701.
- 3737 (12)(a) "Partnership" means an association of two or more persons to carry on as
- 3738 co-owners a business for profit formed under this chapter or that becomes subject to
- 3739 this chapter under [~~Part 10, Merger, Interest Exchange, Conversion, and~~
- 3740 ~~Domestication~~] :
- 3741 (i) Chapter 1a, Part 7, Merger;
- 3742 (ii) Chapter 1a, Part 8, Interest Exchange;
- 3743 (iii) Chapter 1a, Part 9, Conversion;
- 3744 (iv) [~~;~~] Chapter 1a, Part 10, Domestication; or
- 3745 (v) Section [~~48-1d-1405~~] 16-18-1205.
- 3746 (b) [~~The term~~] "Partnership" includes a limited liability partnership.
- 3747 (13)(a) "Partnership agreement" means the agreement, whether or not referred to as a
- 3748 partnership agreement, and whether oral, implied, in a record, or in any combination
- 3749 thereof, of all the partners of a partnership concerning the matters described in
- 3750 Subsection [~~48-1d-106(1)~~] 16-18-105(1).
- 3751 (b) [~~The term~~] "Partnership agreement" includes the agreement as amended or restated.
- 3752 (14) "Partnership at will" means a partnership in which the partners have not agreed to
- 3753 remain partners until the expiration of a definite term or the completion of a particular
- 3754 undertaking.
- 3755 (15) "Person" means an individual, business corporation, nonprofit corporation, partnership,
- 3756 limited partnership, limited liability company, limited cooperative association,
- 3757 unincorporated nonprofit association, statutory trust, business trust, common-law
- 3758 business trust, estate, trust, association, joint venture, public corporation, government or
- 3759 governmental subdivision, agency, or instrumentality, or any other legal or commercial
- 3760 entity.
- 3761 (16) "Principal office" means the principal executive office of a partnership or a foreign
- 3762 limited liability partnership, whether or not the office is located in this state.
- 3763 (17) "Professional services" means a personal service provided by:
- 3764 (a) a public accountant holding a license under Title 58, Chapter 26a, Certified Public

- 3765 Accountant Licensing Act, or a subsequent law regulating the practice of public
3766 accounting;
- 3767 (b) an architect holding a license under Title 58, Chapter 3a, Architects Licensing Act,
3768 or a subsequent law regulating the practice of architecture;
- 3769 (c) an attorney granted the authority to practice law by the:
- 3770 (i) Utah Supreme Court; or
- 3771 (ii) one or more of the following that licenses or regulates the authority to practice
3772 law in a state or territory of the United States other than Utah:
- 3773 (A) a supreme court;
- 3774 (B) a court other than a supreme court;
- 3775 (C) an agency;
- 3776 (D) an instrumentality; or
- 3777 (E) a regulating board;
- 3778 (d) a chiropractor holding a license under Title 58, Chapter 73, Chiropractic Physician
3779 Practice Act, or a subsequent law regulating the practice of chiropractics;
- 3780 (e) a doctor of dentistry holding a license under Title 58, Chapter 69, Dentist and Dental
3781 Hygienist Practice Act, or a subsequent law regulating the practice of dentistry;
- 3782 (f) a professional engineer registered under Title 58, Chapter 22, Professional Engineers
3783 and Professional Land Surveyors Licensing Act, or a subsequent law regulating the
3784 practice of engineers or land surveyors;
- 3785 (g) a naturopath holding a license under Title 58, Chapter 71, Naturopathic Physician
3786 Practice Act, or a subsequent law regulating the practice of naturopathy;
- 3787 (h) a nurse licensed under Title 58, Chapter 31b, Nurse Practice Act, or Chapter 44a,
3788 Nurse Midwife Practice Act, or a subsequent law regulating the practice of nursing;
- 3789 (i) an optometrist holding a license under Title 58, Chapter 16a, Utah Optometry
3790 Practice Act, or a subsequent law regulating the practice of optometry;
- 3791 (j) an osteopathic physician or surgeon holding a license under Title 58, Chapter 68,
3792 Utah Osteopathic Medical Practice Act, or a subsequent law regulating the practice of
3793 osteopathy;
- 3794 (k) a pharmacist holding a license under Title 58, Chapter 17b, Pharmacy Practice Act,
3795 or a subsequent law regulating the practice of pharmacy;
- 3796 (l) a physician, surgeon, or doctor of medicine holding a license under Title 58, Chapter
3797 67, Utah Medical Practice Act, or a subsequent law regulating the practice of
3798 medicine;

- 3799 (m) a physician assistant holding a license under Title 58, Chapter 70a, Utah Physician
3800 Assistant Act, or a subsequent law regulating the practice as a physician assistant;
- 3801 (n) a physical therapist holding a license under Title 58, Chapter 24b, Physical Therapy
3802 Practice Act, or a subsequent law regulating the practice of physical therapy;
- 3803 (o) a podiatric physician holding a license under Title 58, Chapter 5a, Podiatric
3804 Physician Licensing Act, or a subsequent law regulating the practice of podiatry;
- 3805 (p) a psychologist holding a license under Title 58, Chapter 61, Psychologist Licensing
3806 Act, or a subsequent law regulating the practice of psychology;
- 3807 (q) a principal broker, associate broker, or sales agent holding a license under Title 61,
3808 Chapter 2f, Real Estate Licensing and Practices Act, or a subsequent law regulating
3809 the sale, exchange, purchase, rental, or leasing of real estate;
- 3810 (r) a clinical or certified social worker holding a license under Title 58, Chapter 60, Part
3811 2, Social Worker Licensing Act, or a subsequent law regulating the practice of social
3812 work;
- 3813 (s) a mental health therapist holding a license under Title 58, Chapter 60, Mental Health
3814 Professional Practice Act, or a subsequent law regulating the practice of mental
3815 health therapy;
- 3816 (t) a veterinarian holding a license under Title 58, Chapter 28, Veterinary Practice Act,
3817 or a subsequent law regulating the practice of veterinary medicine; or
- 3818 (u) an individual licensed, certified, or registered under Title 61, Chapter 2g, Real Estate
3819 Appraiser Licensing and Certification Act, or a subsequent law regulating the
3820 practice of appraising real estate.
- 3821 (18) "Property" means all property, whether real, personal, or mixed, or tangible or
3822 intangible, or any right or interest therein.
- 3823 (19) "Record," used as a noun, means information that is inscribed on a tangible medium or
3824 that is stored in an electronic or other medium and is retrievable in perceivable form.
- 3825 (20) "Registered agent" means an agent of a limited liability partnership or foreign limited
3826 liability partnership which is authorized to receive service of any process, notice, or
3827 demand required or permitted by law to be served on the partnership.
- 3828 (21) "Registered foreign limited liability partnership" means a foreign limited liability
3829 partnership that is registered to do business in this state [~~pursuant to~~] in accordance with
3830 a statement of registration filed by the division.
- 3831 (22) "Sign" means, with present intent to authenticate or adopt a record:
3832 (a) to execute or adopt a tangible symbol; or

3833 (b) to attach to or logically associate with the record an electronic symbol, sound, or
3834 process.

3835 (23) "State" means a state of the United States, the District of Columbia, Puerto Rico, the
3836 United States Virgin Islands, or any territory or insular possession subject to the
3837 jurisdiction of the United States.

3838 (24) "Transfer" includes:

3839 (a) an assignment;

3840 (b) a conveyance;

3841 (c) a sale;

3842 (d) a lease;

3843 (e) an encumbrance, including a mortgage or security interest;

3844 (f) a gift; and

3845 (g) a transfer by operation of law.

3846 (25)(a) "Transferable interest" means the right, as initially owned by a person in the
3847 person's capacity as a partner, to receive distributions from a partnership in
3848 accordance with the partnership agreement, whether or not the person remains a
3849 partner or continues to own any part of the right.

3850 (b) [~~The term~~] "Transferable interest" applies to any fraction of the interest, by
3851 whomever owned.

3852 (26) "Transferee" means a person to which all or part of a transferable interest has been
3853 transferred, whether or not the transferor is a partner.

3854 (27) "Tribal partnership" means a partnership:

3855 (a) formed under the law of a tribe; and

3856 (b) that is at least 51% owned or controlled by the tribe under whose law the partnership
3857 is formed.

3858 (28) "Tribe" means a tribe, band, nation, pueblo, or other organized group or community of
3859 Indians, including an Alaska Native village, that is legally recognized as eligible for and
3860 is consistent with a special program, service, or entitlement provided by the United
3861 States to Indians because of their status as Indians.

3862 Section 98. Section **16-18-102**, which is renumbered from Section 48-1d-103 is renumbered
3863 and amended to read:

3864 **[48-1d-103] 16-18-102 . Knowledge -- Notice.**

3865 (1) A person knows a fact if the person:

3866 (a) has actual knowledge of it; or

- 3867 (b) is deemed to know it under Subsection (4)(a) or law other than this chapter.
- 3868 (2) A person has notice of a fact if the person:
- 3869 (a) has reason to know the fact from all the facts known to the person at the time in
- 3870 question; or
- 3871 (b) is deemed to have notice of the fact under Subsection (4)(b).
- 3872 (3) Subject to [~~Subsection 48-1d-116(6)~~] Section 16-1a-211, a person notifies another
- 3873 person of a fact by taking steps reasonably required to inform the other person in
- 3874 ordinary course, whether or not those steps cause the other person to know the fact.
- 3875 (4) A person not a partner is deemed:
- 3876 (a) to know of a limitation on authority to transfer real property as provided in
- 3877 Subsection [~~48-1d-303(7)~~] 16-18-303(7); and
- 3878 (b) to have notice of:
- 3879 (i) a partner's dissociation 90 days after a statement of dissociation under Section [~~48-1d-804~~] 16-18-804 becomes effective; and
- 3880
- 3881 (ii) a partnership's:
- 3882 (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;
- 3883
- 3884 (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;
- 3885
- 3886 (C) participation in a merger, interest exchange, conversion, or domestication 90
- 3887 days after a statement of merger, interest exchange, conversion, or
- 3888 domestication under [~~Part 10, Merger, Interest Exchange, Conversion, and~~
- 3889 ~~Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest
- 3890 Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10,
- 3891 Domestication, becomes effective; and
- 3892 (D) abandonment of a merger, interest exchange, conversion, or domestication 90
- 3893 days after a statement of abandonment of merger, interest exchange,
- 3894 conversion, or domestication under [~~Part 10, Merger, Interest Exchange,~~
- 3895 ~~Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8,
- 3896 Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10,
- 3897 Domestication, becomes effective.
- 3898 (5) A partner's knowledge or notice of a fact relating to the partnership is effective
- 3899 immediately as knowledge of or notice to the partnership, except in the case of a fraud
- 3900 on the partnership committed by or with the consent of that partner.

3901 Section 99. Section **16-18-103**, which is renumbered from Section 48-1d-104 is renumbered
3902 and amended to read:

3903 **~~[48-1d-104]~~ 16-18-103 . Governing law.**

3904 The internal affairs of a partnership and the liability of a partner as a partner for the
3905 debts, obligations, or other liabilities of the partnership are governed by:

- 3906 (1) in the case of a limited liability partnership, the law of this state; and
3907 (2) in the case of a partnership that is not a limited liability partnership, the law of the state
3908 of the jurisdiction in which the partnership has its principal office.

3909 Section 100. Section **16-18-104**, which is renumbered from Section 48-1d-105 is renumbered
3910 and amended to read:

3911 **~~[48-1d-105]~~ 16-18-104 . Supplemental principles of law.**

3912 Unless displaced by particular provisions of this chapter, the principles of law and equity
3913 supplement this chapter.

3914 Section 101. Section **16-18-105**, which is renumbered from Section 48-1d-106 is renumbered
3915 and amended to read:

3916 **~~[48-1d-106]~~ 16-18-105 . Partnership agreement -- Scope, function, and limitations.**

- 3917 (1) Except as otherwise provided in Subsections (3) and (4), the partnership agreement
3918 governs:
- 3919 (a) relations among the partners as partners and between the partners and the partnership;
 - 3920 (b) the activities and affairs of the partnership and the conduct of those activities and
3921 affairs; and
 - 3922 (c) the means and conditions for amending the partnership agreement.
- 3923 (2) To the extent the partnership agreement does not provide for a matter described in
3924 Subsection (1), this chapter governs the matter.
- 3925 (3) A partnership agreement may not:
- 3926 (a) vary the law applicable under Section ~~[48-1d-104]~~ 16-18-103;
 - 3927 (b) vary the provisions of Section ~~[48-1d-111]~~ 16-1a-209;
 - 3928 (c) vary the provisions of Section ~~[48-1d-307]~~ 16-18-307;
 - 3929 (d) unreasonably restrict the duties and rights under Section ~~[48-1d-403]~~ 16-18-403, but
3930 the partnership agreement may impose reasonable restrictions on the availability and
3931 use of information obtained under that section and may define appropriate remedies,
3932 including liquidated damages, for a breach of any reasonable restriction on use;
 - 3933 (e) eliminate the duty of loyalty or the duty of care, except as otherwise provided in
3934 Subsection (4);

- 3935 (f) eliminate the contractual obligation of good faith and fair dealing under Subsection [
3936 ~~48-1d-405(4)~~ 16-18-405(4), but the partnership agreement may prescribe the
3937 standards, if not unconscionable or against public policy, by which the performance
3938 of the obligation is to be measured;
- 3939 (g) relieve or exonerate a person from liability for conduct involving bad faith, willful
3940 misconduct, or recklessness;
- 3941 (h) vary the power to dissociate as a partner under Subsection [~~48-1d-702(1)~~
3942 16-18-702(1)], except to require the notice under Subsection [~~48-1d-701(1)~~
3943 16-18-701(1)] to be in a record;
- 3944 (i) vary the right of a court to expel a partner in the events specified in Subsection [
3945 ~~48-1d-701(5)~~ 16-18-701(5)];
- 3946 (j) vary the causes of dissolution specified in Subsection [~~48-1d-901(4)~~ 16-18-901(4), (5),
3947 or (6);
- 3948 (k) vary the requirement to wind up the partnership's activities and affairs as specified in
3949 Subsections [~~48-1d-902(1)~~ 16-18-902(1), (2)(a), and (4);
- 3950 (l) vary the right of a partner to approve a merger, interest exchange, conversion, or
3951 domestication under [~~Subsection 48-1d-1023(1)(b)~~ Section 16-1a-704, [
3952 ~~48-1d-1033(1)(b)~~ 16-1a-804, [~~48-1d-1043(1)(b)~~ 16-1a-904, or [~~48-1d-1053(1)(b)~~
3953 16-1a-1004];
- 3954 (m) vary any requirement, procedure, or other provision of this chapter pertaining to:
3955 (i) registered agents; or
3956 (ii) the division, including provisions pertaining to records authorized or required to
3957 be delivered to the division for filing under this chapter; or
- 3958 (n) except as otherwise provided in Section [~~48-1d-107~~ 16-18-106] and Subsection [
3959 ~~48-1d-108(2)~~ 16-18-107(2)], restrict the rights under this chapter of a person other
3960 than a partner.
- 3961 (4) Subject to Subsection (3)(e), without limiting other terms that may be included in a
3962 partnership agreement, the following rules apply:
- 3963 (a) The partnership agreement may specify the method by which a specific act or
3964 transaction that would otherwise violate the duty of loyalty may be authorized or
3965 ratified by one or more disinterested and independent persons after full disclosure of
3966 all material facts.
- 3967 (b) If not unconscionable or against public policy, the partnership agreement may:
3968 (i) alter or eliminate the aspects of the duty of loyalty stated in Subsection [

- 3969 ~~48-1d-405(2)] 16-18-405(2);~~
 3970 (ii) identify specific types or categories of activities that do not violate the duty of
 3971 loyalty;
 3972 (iii) alter the duty of care, except to authorize intentional misconduct or knowing
 3973 violation of law; and
 3974 (iv) alter or eliminate any other fiduciary duty.

3975 (5)(a) The court shall decide as a matter of law whether a term of a partnership
 3976 agreement is unconscionable or against public policy under Subsection (3)(f) or (4)(b).

3977 (b) [-]The court:

3978 [(a)] (i) shall make [its] the court's determination as of the time the challenged term
 3979 became part of the partnership agreement and by considering only circumstances
 3980 existing at that time; and

3981 [(b)] (ii) may invalidate the term only if, in light of the purposes and business of the
 3982 partnership, it is readily apparent that:

3983 [(i)] (A) the objective of the term is unconscionable or against public policy; or

3984 [(i)] (B) the means to achieve the term's objective is unconscionable or against
 3985 public policy.

3986 Section 102. Section **16-18-106**, which is renumbered from Section 48-1d-107 is renumbered
 3987 and amended to read:

3988 **[~~48-1d-107~~] 16-18-106 . Partnership agreement -- Effect on partnership and**
 3989 **person becoming partner -- Preformation agreement.**

3990 (1) A partnership is bound by and may enforce the partnership agreement, whether or not
 3991 the partnership has itself manifested assent to the partnership agreement.

3992 (2) A person that becomes a partner of a partnership is deemed to assent to the partnership
 3993 agreement.

3994 (3) Two or more persons intending to become the initial partners of a partnership may make
 3995 an agreement providing that upon the formation of the partnership the agreement will
 3996 become the partnership agreement.

3997 Section 103. Section **16-18-107**, which is renumbered from Section 48-1d-108 is renumbered
 3998 and amended to read:

3999 **[~~48-1d-108~~] 16-18-107 . Partnership agreement -- Effect on third parties and**
 4000 **relationship to records effective on behalf of partnership.**

4001 (1)(a) A partnership agreement may specify that [its] the partnership's amendment
 4002 requires the approval of a person that is not a party to the partnership agreement or

4003 the satisfaction of a condition.

4004 (b) [-]An amendment is ineffective if [its] the amendment's adoption does not include the
4005 required approval or satisfy the specified condition.

4006 (2)(a) The obligations of a partnership and [its] the partnership's partners to a person in
4007 the person's capacity as a transferee or person dissociated as a partner are governed
4008 by the partnership agreement.

4009 (b) [-]Subject only to a court order issued under Subsection [~~48-1d-604(2)(b)~~]
4010 16-18-604(2)(b) to effectuate a charging order, an amendment to the partnership
4011 agreement made after a person becomes a transferee or is dissociated as a partner:
4012 [~~(a)~~] (i) is effective with regard to any debt, obligation, or other liability of the
4013 partnership or its partners to the person in the person's capacity as a transferee or
4014 person dissociated as a partner; and

4015 [~~(b)~~] (ii) is not effective to the extent the amendment:

4016 [~~(i)~~] (A) imposes a new debt, obligation, or other liability on the transferee or
4017 person dissociated as a partner; or

4018 [~~(ii)~~] (B) prejudices the rights under Section [~~48-1d-801~~] 16-18-801 of a person that
4019 dissociated as a partner before the amendment was made.

4020 (3) If a record delivered by a partnership to the division for filing becomes effective under
4021 this chapter and contains a provision that would be ineffective under Subsection [
4022 ~~48-1d-106(3)~~] 16-18-105(3) or (4)(b) if contained in the partnership agreement, the
4023 provision is ineffective in the record.

4024 (4) Subject to Subsection (3), if a record delivered by a partnership to the division for filing
4025 becomes effective under this chapter and conflicts with a provision of the partnership
4026 agreement:

4027 (a) the partnership agreement prevails as to partners, persons dissociated as partners, and
4028 transferees; and

4029 (b) the record prevails as to other persons to the extent [~~they~~] the persons reasonably rely
4030 on the record.

4031 Section 104. Section **16-18-108**, which is renumbered from Section 48-1d-118 is renumbered
4032 and amended to read:

4033 **[~~48-1d-118~~] 16-18-108 . Reservation of power to amend or repeal.**

4034 The Legislature of this state has power to amend or repeal all or part of this chapter at
4035 any time, and all domestic and foreign limited liability partnerships subject to this chapter are
4036 governed by the amendment or repeal.

4037 Section 105. Section **16-18-109** is enacted to read:

4038 **16-18-109 . Provisions Applicable to All Business Entities applicable.**

4039 Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of
4040 this chapter.

4041 Section 106. Section **16-18-201**, which is renumbered from Section 48-1d-201 is renumbered
4042 and amended to read:

4043 **Part 2. Nature of Partnership**

4044 **[48-1d-201] 16-18-201 . Partnership as entity.**

- 4045 (1) A partnership is an entity distinct from [its] the partnership's partners.
4046 (2) A partnership is the same entity regardless of whether the partnership has a statement of
4047 qualification in effect under Section [48-1d-1101] 16-18-1001.

4048 Section 107. Section **16-18-202**, which is renumbered from Section 48-1d-202 is renumbered
4049 and amended to read:

4050 **[48-1d-202] 16-18-202 . Formation of partnership.**

- 4051 (1) Except as otherwise provided in Subsection (2), the association of two or more persons
4052 to carry on as co-owners a business for profit forms a partnership, whether or not the
4053 persons intend to form a partnership.
4054 (2) An association formed under a statute other than this chapter, a predecessor statute, or a
4055 comparable statute of another jurisdiction is not a partnership under this chapter.
4056 (3) In determining whether a partnership is formed, the following rules apply:
4057 (a) Joint tenancy, tenancy in common, tenancy by the entireties, joint property, common
4058 property, or part ownership does not by itself establish a partnership, even if the
4059 co-owners share profits made by the use of the property.
4060 (b) The sharing of gross returns does not by itself establish a partnership, even if the
4061 persons sharing them have a joint or common right or interest in property from which
4062 the returns are derived.
4063 (c) A person who receives a share of the profits of a business is presumed to be a partner
4064 in the business, unless the profits were received in payment:
4065 (i) of a debt by installments or otherwise;
4066 (ii) for services as an independent contractor or of wages or other compensation to an
4067 employee;
4068 (iii) of rent;
4069 (iv) of an annuity or other retirement or health benefit to a deceased or retired partner
4070 or a beneficiary, representative, or designee of a deceased or retired partner;

4071 (v) of interest or other charge on a loan, even if the amount of payment varies with
4072 the profits of the business, including a direct or indirect present or future
4073 ownership of the collateral, or rights to income, proceeds, or increase in value
4074 derived from the collateral; or

4075 (vi) for the sale of the goodwill of a business or other property by installments or
4076 otherwise.

4077 Section 108. Section **16-18-203**, which is renumbered from Section 48-1d-203 is renumbered
4078 and amended to read:

4079 **[48-1d-203] 16-18-203 . Partnership property.**

4080 Property acquired by a partnership is property of the partnership and not of the partners
4081 individually.

4082 Section 109. Section **16-18-204**, which is renumbered from Section 48-1d-204 is renumbered
4083 and amended to read:

4084 **[48-1d-204] 16-18-204 . When property is partnership property.**

4085 (1) Property is partnership property if acquired in the name of:

4086 (a) the partnership; or

4087 (b) one or more partners with an indication in the instrument transferring title to the
4088 property of the person's capacity as a partner or of the existence of a partnership but
4089 without an indication of the name of the partnership.

4090 (2) Property is acquired in the name of the partnership by a transfer to:

4091 (a) the partnership in [its] the partnership's name; or

4092 (b) one or more partners in [their] the partners' capacity as partners in the partnership, if
4093 the name of the partnership is indicated in the instrument transferring title to the
4094 property.

4095 (3) Property is presumed to be partnership property if purchased with partnership assets,
4096 even if not acquired in the name of the partnership or of one or more partners with an
4097 indication in the instrument transferring title to the property of the person's capacity as a
4098 partner or of the existence of a partnership.

4099 (4) Property acquired in the name of one or more of the partners, without an indication in
4100 the instrument transferring title to the property of the person's capacity as a partner or of
4101 the existence of a partnership and without use of partnership assets, is presumed to be
4102 separate property, even if used for partnership purposes.

4103 Section 110. Section **16-18-301**, which is renumbered from Section 48-1d-301 is renumbered
4104 and amended to read:

4105 **Part 3. Relations of Partners to Persons Dealing with Partnership**

4106 **~~[48-1d-301]~~ 16-18-301 . Partner agent of partnership.**

4107 Subject to the effect of a statement of partnership authority under Section ~~[48-1d-303]~~
4108 16-18-303, the following rules apply:

- 4109 (1)(a) Each partner is an agent of the partnership for the purpose of its activities and
4110 affairs.
- 4111 (b) ~~[-]~~An act of a partner, including the signing of an instrument in the partnership
4112 name, for apparently carrying on in the ordinary course the partnership's activities
4113 and affairs or activities and affairs of the kind carried on by the partnership binds the
4114 partnership, unless the partner did not have authority to act for the partnership in the
4115 particular matter and the person with which the partner was dealing knew, or had
4116 notice, that the partner lacked authority.
- 4117 (2) An act of a partner, which is not apparently for carrying on in the ordinary course the
4118 partnership's activities and affairs or activities and affairs of the kind carried on by the
4119 partnership, binds the partnership only if the act was actually authorized by all the other
4120 partners.

4121 Section 111. Section **16-18-302**, which is renumbered from Section 48-1d-302 is renumbered
4122 and amended to read:

4123 **~~[48-1d-302]~~ 16-18-302 . Transfer of partnership property.**

- 4124 (1) Partnership property may be transferred as follows:
- 4125 (a) Subject to the effect of a statement of partnership authority under Section ~~[48-1d-303]~~
4126 16-18-303, partnership property held in the name of the partnership may be
4127 transferred by an instrument of transfer executed by a partner in the partnership name.
- 4128 (b) Partnership property held in the name of one or more partners with an indication in
4129 the instrument transferring the property to them of their capacity as partners or of the
4130 existence of a partnership, but without an indication of the name of the partnership,
4131 may be transferred by an instrument of transfer executed by the persons in whose
4132 name the property is held.
- 4133 (c) Partnership property held in the name of one or more persons other than the
4134 partnership, without an indication in the instrument transferring the property to them
4135 of their capacity as partners or of the existence of a partnership, may be transferred
4136 by an instrument of transfer executed by the persons in whose name the property is
4137 held.
- 4138 (2) A partnership may recover partnership property from a transferee only if ~~[it]~~ the

4139 partnership proves that execution of the instrument of initial transfer did not bind the
4140 partnership under Section [~~48-1d-301~~] 16-18-301 and:

4141 (a) as to a subsequent transferee who gave value for property transferred under
4142 Subsection (1)(a) or (1)(b), proves that the subsequent transferee knew or had
4143 received a notification that the person who executed the instrument of initial transfer
4144 lacked authority to bind the partnership; or

4145 (b) as to a transferee who gave value for property transferred under Subsection (1)(c),
4146 proves that the transferee knew or had received a notification that the property was
4147 partnership property and that the person who executed the instrument of initial
4148 transfer lacked authority to bind the partnership.

4149 (3) A partnership may not recover partnership property from a subsequent transferee if the
4150 partnership would not have been entitled to recover the property, under Subsection (2),
4151 from any earlier transferee of the property.

4152 (4)(a) If a person holds all the partners' interests in the partnership, all the partnership
4153 property vests in that person.

4154 (b) [-]The person may execute a document in the name of the partnership to evidence
4155 vesting of the property in that person and may file or record the document.

4156 Section 112. Section **16-18-303**, which is renumbered from Section 48-1d-303 is renumbered
4157 and amended to read:

4158 **[~~48-1d-303~~] 16-18-303 . Statement of partnership authority.**

4159 (1)(a) A partnership may deliver to the division for filing a statement of partnership
4160 authority.

4161 (b) [-]The statement:

4162 [(a)] (i) must include:

4163 [(i)] (A) the name of the partnership; and

4164 [(i)] (B) if the partnership is not a limited liability partnership, the street and
4165 mailing addresses of its principal office;

4166 [(b)] (ii) with respect to any position that exists in or with respect to the partnership,
4167 may state the authority, or limitations on the authority, of all persons holding the
4168 position to:

4169 [(i)] (A) execute an instrument transferring real property held in the name of the
4170 partnership; or

4171 [(i)] (B) enter into other transactions on behalf of, or otherwise act for or bind, the
4172 partnership; and

- 4173 [(e)] (iii) may state the authority, or limitations on the authority, of a specific person
4174 to:
- 4175 [(i)] (A) execute an instrument transferring real property held in the name of the
4176 partnership; or
- 4177 [(ii)] (B) enter into other transactions on behalf of, or otherwise act for or bind, the
4178 partnership.
- 4179 (2) To amend or cancel a statement of authority filed by the division, a partnership must
4180 deliver to the division for filing an amendment or cancellation stating:
- 4181 (a) the name of the partnership;
- 4182 (b) the street and mailing addresses of the partnership's principal office;
- 4183 (c) the date the statement of authority being affected became effective; and
- 4184 (d) the contents of the amendment or a declaration that the statement of authority is
4185 canceled.
- 4186 (3) A statement of authority affects only the power of a person to bind a partnership to
4187 persons that are not partners.
- 4188 (4) Subject to Subsection (3) and Subsection ~~[48-1d-103(4)(a)]~~ 16-18-102(4)(a), and except
4189 as otherwise provided in Subsections (6), (7), and (8), a limitation on the authority of a
4190 person or a position contained in an effective statement of authority is not by itself
4191 evidence of any person's knowledge or notice of the limitation.
- 4192 (5) Subject to Subsection (3), a grant of authority not pertaining to transfers of real property
4193 and contained in an effective statement of authority is conclusive in favor of a person
4194 that gives value in reliance on the grant, except to the extent that if the person gives
4195 value:
- 4196 (a) the person has knowledge to the contrary;
- 4197 (b) the statement of authority has been canceled or restrictively amended under
4198 Subsection (2); or
- 4199 (c) a limitation on the grant is contained in another statement of authority that became
4200 effective after the statement of authority containing the grant became effective.
- 4201 (6) Subject to Subsection (3), an effective statement of authority that grants authority to
4202 transfer real property held in the name of the partnership and a certified copy of which is
4203 recorded in the office for recording transfers of the real property is conclusive in favor of
4204 a person that gives value in reliance on the grant without knowledge to the contrary,
4205 except to the extent that when the person gives value:
- 4206 (a) the statement of authority has been canceled or restrictively amended under

4207 Subsection (2), and a certified copy of the cancellation or restrictive amendment has
 4208 been recorded in the office for recording transfers of the real property; or
 4209 (b) a limitation on the grant is contained in another statement of authority that became
 4210 effective after the statement of authority containing the grant became effective, and a
 4211 certified copy of the later-effective statement of authority is recorded in the office for
 4212 recording transfers of the real property.

4213 (7) Subject to Subsection (3), if a certified copy of an effective statement of authority
 4214 containing a limitation on the authority to transfer real property held in the name of a
 4215 partnership is recorded in the office for recording transfers of that real property, all
 4216 persons are deemed to know of the limitation.

4217 (8) Subject to Subsection (9), an effective statement of dissolution is a cancellation of any
 4218 filed statement of authority for the purposes of Subsection (6) and is a limitation on
 4219 authority for purposes of Subsection (7).

4220 (9)(a) After a statement of dissolution becomes effective, a partnership may deliver to
 4221 the division for filing and, if appropriate, may record a statement of authority that is
 4222 designated as a postdissolution statement of authority.

4223 (b) [-]The postdissolution statement of authority operates as provided in Subsections (6)
 4224 and (7).

4225 (10)(a) Unless canceled earlier, an effective statement of authority is canceled by
 4226 operation of law five years after the date on which the statement of authority, or [its]
 4227 the statement of authority's most recent amendment, becomes effective.

4228 (b) [-]Cancellation is effective without recording under Subsection (6) or (7).

4229 (11) An effective statement of denial operates as a restrictive amendment under this section
 4230 and may be recorded by certified copy for purposes of Subsection (6)(a).

4231 Section 113. Section **16-18-304**, which is renumbered from Section 48-1d-304 is renumbered
 4232 and amended to read:

4233 **[48-1d-304] 16-18-304 . Statement of denial.**

4234 A person named in a filed statement of authority granting that person authority may
 4235 deliver to the division for filing a statement of denial that:

4236 (1) provides the name of the partnership and the caption of the statement of authority to
 4237 which the statement of denial pertains; and

4238 (2) denies the grant of authority.

4239 Section 114. Section **16-18-305**, which is renumbered from Section 48-1d-305 is renumbered
 4240 and amended to read:

4241 **[48-1d-305] 16-18-305 . Partnership liable for partner's actionable conduct.**

4242 (1) A partnership is liable for loss or injury caused to a person, or for a penalty incurred, as
 4243 a result of a wrongful act or omission, or other actionable conduct, of a partner acting in
 4244 the ordinary course of activities and affairs of the partnership or with the actual or
 4245 apparent authority of the partnership.

4246 (2) If, in the course of the partnership's activities and affairs or while acting with actual or
 4247 apparent authority of the partnership, a partner receives or causes the partnership to
 4248 receive money or property of a person not a partner, and the money or property is
 4249 misapplied by a partner, the partnership is liable for the loss.

4250 Section 115. Section **16-18-306**, which is renumbered from Section 48-1d-306 is renumbered
 4251 and amended to read:

4252 **[48-1d-306] 16-18-306 . Partner's liability.**

4253 (1) Except as otherwise provided in Subsections (2) and (3), all partners are liable jointly
 4254 and severally for all debts, obligations, and other liabilities of the partnership unless
 4255 otherwise agreed to by the claimant or provided by law.

4256 (2) A person that becomes a partner is not personally liable for a debt, obligation, or other
 4257 liability of the partnership incurred before the person became a partner.

4258 (3)(a) A debt, obligation, or other liability of a partnership incurred while the partnership
 4259 is a limited liability partnership is solely the debt, obligation, or other liability of the
 4260 limited liability partnership.

4261 (b) [-]A partner is not personally liable, directly or indirectly, by way of contribution or
 4262 otherwise, for a debt, obligation, or other liability of the limited liability partnership
 4263 solely by reason of being or acting as a partner.

4264 (c) [-]This Subsection (3) applies:

4265 [(a)] (i) despite anything inconsistent in the partnership agreement that existed
 4266 immediately before the vote or consent required to become a limited liability
 4267 partnership under Subsection [48-1d-1101(2)] 16-18-1001(2); and

4268 [(b)] (ii) regardless of the dissolution of the limited liability partnership.

4269 (4) The failure of a limited liability partnership to observe any formalities relating to the
 4270 exercise of its powers or management of its activities and affairs is not a ground for
 4271 imposing liability on any partner of the limited liability partnership for a debt,
 4272 obligation, or other liability of the limited liability partnership.

4273 (5) The cancellation or administrative revocation of a limited liability partnership's
 4274 statement of qualification does not affect the limitation under this section on the liability

4275 of a partner for a debt, obligation, or other liability of the partnership incurred while the
4276 statement was in effect.

4277 (6)(a) Subsection (3) and [~~Part 11, Limited Liability Partnerships~~] Part 10, Limited
4278 Liability Partnerships, do not alter any law applicable to the relationship between a
4279 person providing a professional service and a person receiving the professional
4280 service, including liability arising out of those professional services.

4281 (b) [-]A person providing a professional service remains personally liable for a result of
4282 that person's act or omission.

4283 Section 116. Section **16-18-307**, which is renumbered from Section 48-1d-307 is renumbered
4284 and amended to read:

4285 **[~~48-1d-307~~] 16-18-307 . Actions by and against partnership and partners.**

4286 (1) A partnership may sue and be sued in the name of the partnership.

4287 (2) To the extent not inconsistent with Section [~~48-1d-306~~] 16-18-306, a partner may be
4288 joined in an action against the partnership or named in a separate action.

4289 (3)(a) A judgment against a partnership is not by itself a judgment against a partner.

4290 (b) [-]A judgment against a partnership may not be satisfied from a partner's assets
4291 unless there is also a judgment against the partner.

4292 (4) A judgment creditor of a partner may not levy execution against the assets of the partner
4293 to satisfy a judgment based on a claim against the partnership unless the partner is
4294 personally liable for the claim under Section [~~48-1d-306~~] 16-18-306, and:

4295 (a) a judgment based on the same claim has been obtained against the partnership and a
4296 writ of execution on the judgment has been returned unsatisfied in whole or in part;

4297 (b) the partnership is a debtor in bankruptcy;

4298 (c) the partner has agreed that the creditor need not exhaust partnership assets;

4299 (d) a court grants permission to the judgment creditor to levy execution against the
4300 assets of a partner based on a finding that partnership assets subject to execution are
4301 clearly insufficient to satisfy the judgment, that exhaustion of partnership assets is
4302 excessively burdensome, or that the grant of permission is an appropriate exercise of
4303 the court's equitable powers; or

4304 (e) liability is imposed on the partner by law or contract independent of the existence of
4305 the partnership.

4306 (5) This section applies to any partnership liability or obligation resulting from a
4307 representation by a partner or purported partner under Section [~~48-1d-308~~] 16-18-308.

4308 Section 117. Section **16-18-308**, which is renumbered from Section 48-1d-308 is renumbered

4309 and amended to read:

4310 **[48-1d-308] 16-18-308 . Liability of purported partner.**

4311 (1)(a) If a person, by words or conduct, purports to be a partner, or consents to being
4312 represented by another as a partner, in a partnership or with one or more persons not
4313 partners, the purported partner is liable to a person to whom the representation is
4314 made, if that person, relying on the representation, enters into a transaction with the
4315 actual or purported partnership.

4316 (b) [-]If the representation, either by the purported partner or by a person with the
4317 purported partner's consent, is made in a public manner, the purported partner is
4318 liable to a person who relies upon the purported partnership even if the purported
4319 partner is not aware of being held out as a partner to the claimant.

4320 (c) [-]If partnership liability results, the purported partner is liable with respect to that
4321 liability as if the purported partner were a partner.

4322 (d) [-]If no partnership liability results, the purported partner is liable with respect to
4323 that liability jointly and severally with any other person consenting to the
4324 representation.

4325 (2)(a) If a person is thus represented to be a partner in an existing partnership, or with
4326 one or more persons not partners, the purported partner is an agent of persons
4327 consenting to the representation to bind them to the same extent and in the same
4328 manner as if the purported partner were a partner, with respect to persons who enter
4329 into transactions in reliance upon the representation.

4330 (b) [-]If all the partners of the existing partnership consent to the representation, a
4331 partnership act or obligation results.

4332 (c) [-]If fewer than all the partners of the existing partnership consent to the
4333 representation, the person acting and the partners consenting to the representation are
4334 jointly and severally liable.

4335 (3) A person is not liable as a partner merely because the person is named by another in a
4336 statement of partnership authority.

4337 (4) A person does not continue to be liable as a partner merely because of a failure to file a
4338 statement of dissociation or to amend a statement of partnership authority to indicate the
4339 partner's dissociation from the partnership.

4340 (5) Except as otherwise provided in Subsections (1) and (2), persons who are not partners
4341 as to each other are not liable as partners to other persons.

4342 Section 118. Section **16-18-401**, which is renumbered from Section 48-1d-401 is renumbered

4343 and amended to read:

4344 **Part 4. Relations of Partners to Each Other and to Partnership**

4345 **~~[48-1d-401]~~ 16-18-401 . Becoming partner.**

4346 (1) Upon formation of a partnership, a person becomes a partner under Subsection [
4347 ~~48-1d-202(1)] 16-18-202(1).~~

4348 (2) After formation of a partnership, a person becomes a partner:

4349 (a) as provided in the partnership agreement;

4350 (b) as a result of a transaction effective under [~~Part 10, Merger, Interest Exchange,~~
4351 ~~Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger, Chapter 1a, Part 8,
4352 Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10,
4353 Domestication; or

4354 (c) with the consent of all the partners.

4355 (3) A person may become a partner without either:

4356 (a) acquiring a transferable interest; or

4357 (b) making or being obligated to make a contribution to the partnership.

4358 Section 119. Section **16-18-402**, which is renumbered from Section 48-1d-402 is renumbered
4359 and amended to read:

4360 **~~[48-1d-402]~~ 16-18-402 . Management rights of partners.**

4361 (1) Each partner has equal rights in the management and conduct of the partnership's
4362 activities and affairs.

4363 (2) A partner may use or possess partnership property only on behalf of the partnership.

4364 (3) A partner is not entitled to remuneration for services performed for the partnership,
4365 except for reasonable compensation for services rendered in winding up the activities
4366 and affairs of the partnership.

4367 (4) A difference arising among partners as to a matter in the ordinary course of the
4368 activities of the partnership shall be decided by a majority of the partners.

4369 (5)(a) An act outside the ordinary course of the activities and affairs of the partnership
4370 may be undertaken only with the consent of all partners.

4371 (b) ~~[-]~~An act outside the ordinary course of business of a partnership, an amendment to
4372 the partnership agreement, and the approval of a transaction under [~~Part 10, Merger,~~
4373 ~~Interest Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger,
4374 Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a,
4375 Part 10, Domestication, may be undertaken only with the affirmative vote or consent
4376 of all of the partners.

4377 Section 120. Section **16-18-403**, which is renumbered from Section 48-1d-403 is renumbered
4378 and amended to read:

4379 **~~[48-1d-403]~~ 16-18-403 . Rights of partners and person dissociated as partner to**
4380 **information.**

- 4381 (1) A partnership shall keep [its] the partnership's books and records, if any, at [its] the
4382 partnership's principal office.
- 4383 (2) On reasonable notice, a partner may inspect and copy during regular business hours, at a
4384 reasonable location specified by the partnership, any record maintained by the
4385 partnership regarding the partnership's activities, affairs, financial condition, and other
4386 circumstances, to the extent the information is material to the partner's rights and duties
4387 under the partnership agreement or this chapter.
- 4388 (3) The partnership shall furnish to each partner:
- 4389 (a) without demand, any information concerning the partnership's activities, affairs,
4390 financial condition, and other circumstances which the partnership knows and is
4391 material to the proper exercise of the partner's rights and duties under the partnership
4392 agreement or this chapter, except to the extent the partnership can establish that [it]
4393 the partnership reasonably believes the partner already knows the information; and
- 4394 (b) on demand, any other information concerning the partnership's activities, affairs,
4395 financial condition, and other circumstances, except to the extent the demand or
4396 information demanded is unreasonable or otherwise improper under the
4397 circumstances.
- 4398 (4) The duty to furnish information under Subsection (3) also applies to each partner to the
4399 extent the partner knows any of the information described in Subsection (3).
- 4400 (5) Subject to Subsection (8), on 10 days' demand made in a record received by a
4401 partnership, a person dissociated as a partner may have access to information to which
4402 the person was entitled while a partner if:
- 4403 (a) the information pertains to the period during which the person was a partner;
4404 (b) the person seeks the information in good faith; and
4405 (c) the person satisfies the requirements imposed on a partner by Subsection (2).
- 4406 (6) Not later than 10 days after receiving a demand under Subsection (5), the partnership in
4407 a record shall inform the person that made the demand of:
- 4408 (a) the information that the partnership will provide in response to the demand and when
4409 and where the partnership will provide the information; and
4410 (b) the partnership's reasons for declining, if the partnership declines to provide any

4411 demanded information.

4412 (7) A partnership may charge a person that makes a demand under this section the
4413 reasonable costs of copying, limited to the costs of labor and material.

4414 (8)(a) A partner or person dissociated as a partner may exercise rights under this section
4415 through an agent or, in the case of an individual under legal disability, a legal
4416 representative.

4417 (b) [-]Any restriction or condition imposed by the partnership agreement or under
4418 Subsection (11) applies both to the agent or legal representative and the partner or
4419 person dissociated as a partner.

4420 (9) The rights under this section do not extend to a person as transferee.

4421 (10) If a partner dies, Section [~~48-1d-605~~] 16-18-605 applies.

4422 (11)(a) In addition to any restriction or condition stated in the partnership agreement, a
4423 partnership, as a matter within the ordinary course of its business, may impose
4424 reasonable restrictions and conditions on access to and use of information to be
4425 furnished under this section, including designating information confidential and
4426 imposing nondisclosure and safeguarding obligations on the recipient.

4427 (b) [-]In a dispute concerning the reasonableness of a restriction under this subsection,
4428 the partnership has the burden of proving reasonableness.

4429 Section 121. Section **16-18-404**, which is renumbered from Section ~~48-1d-404~~ is renumbered
4430 and amended to read:

4431 **~~48-1d-404~~ 16-18-404 . Reimbursement, indemnification, advancement, and**
4432 **insurance.**

4433 (1) A partnership shall reimburse a partner for any payment made by the partner in the
4434 course of the partner's activities on behalf of the partnership, if the partner complied
4435 with Sections [~~48-1d-402~~] 16-18-402 and [~~48-1d-405~~] 16-18-405 in making the payment.

4436 (2) A partnership shall indemnify and hold harmless a person with respect to any claim or
4437 demand against the person and any debt, obligation, or other liability incurred by the
4438 person by reason of the person's former or present capacity as a partner, if the claim,
4439 demand, debt, obligation, or other liability does not arise from the person's breach of
4440 Section [~~48-1d-402~~] 16-18-402, [~~48-1d-405~~] 16-18-405, or [~~48-1d-504~~] 16-18-504.

4441 (3) In the ordinary course of [~~its~~] the partnership's activities and affairs, a partnership may
4442 advance reasonable expenses, including attorney's fees and costs, incurred by a person in
4443 connection with a claim or demand against the person by reason of the person's former
4444 or present capacity as a partner, if the person promises to repay the partnership if the

4445 person ultimately is determined not to be entitled to be indemnified under Subsection (2).

4446 (4) A partnership may purchase and maintain insurance on behalf of a partner against
4447 liability asserted against or incurred by the partner in that capacity or arising from that
4448 status even if, under Subsection [~~48-1d-106(3)(g)~~] 16-18-105(3)(g), the partnership
4449 agreement could not eliminate or limit the person's liability to the partnership for the
4450 conduct giving rise to the liability.

4451 (5) A partnership shall reimburse a partner for an advance to the partnership beyond the
4452 amount of capital the partner agreed to contribute.

4453 (6) A payment or advance made by a partner which gives rise to a partnership obligation
4454 under Subsection (1) or (5) constitutes a loan to the partnership which accrues interest
4455 from the date of the payment or advance.

4456 Section 122. Section **16-18-405**, which is renumbered from Section 48-1d-405 is renumbered
4457 and amended to read:

4458 **[~~48-1d-405~~] 16-18-405 . Standards of conduct for partners.**

4459 (1) A partner owes to the partnership and the other partners the duties of loyalty and care
4460 stated in Subsections (2) and (3).

4461 (2) The duty of loyalty of a partner includes the duties:

4462 (a) to account to the partnership and hold as trustee for it any property, profit, or benefit
4463 derived by the partner:

4464 (i) in the conduct or winding up of the partnership's activities and affairs;

4465 (ii) from a use by the partner of the partnership's property; or

4466 (iii) from the appropriation of a partnership opportunity;

4467 (b) to refrain from dealing with the partnership in the conduct or winding up of the
4468 partnership's activities and affairs as or on behalf of a person having an interest
4469 adverse to the partnership; and

4470 (c) to refrain from competing with the partnership in the conduct of the partnership's
4471 activities and affairs before the dissolution of the partnership.

4472 (3) The duty of care of a partner in the conduct or winding up of the partnership's activities
4473 and affairs is to refrain from engaging in grossly negligent or reckless conduct,
4474 intentional misconduct, or a knowing violation of law.

4475 (4) A partner shall discharge the duties and obligations under this chapter or under the
4476 partnership agreement and exercise any rights consistently with the contractual
4477 obligation of good faith and fair dealing.

4478 (5) A partner does not violate a duty or obligation under this chapter or under the

4479 partnership agreement solely because the partner's conduct furthers the partner's own
4480 interest.

- 4481 (6) All the partners may authorize or ratify, after full disclosure of all material facts, a
4482 specific act or transaction that otherwise would violate the duty of loyalty.
- 4483 (7) It is a defense to a claim under Subsection (2)(b) and any comparable claim in equity or
4484 at common law that the transaction was fair to the partnership.
- 4485 (8) If, as permitted by Subsection (6) or the partnership agreement, a partner enters into a
4486 transaction with the partnership which otherwise would be prohibited by Subsection
4487 (2)(b), the partner's rights and obligations arising from the transaction are the same as
4488 those of a person that is not a partner.

4489 Section 123. Section **16-18-406**, which is renumbered from Section 48-1d-406 is renumbered
4490 and amended to read:

4491 **[48-1d-406] 16-18-406 . Actions by partnership and partners.**

- 4492 (1) A partnership may maintain an action against a partner for a breach of the partnership
4493 agreement, or for the violation of a duty to the partnership, causing harm to the
4494 partnership.
- 4495 (2) A partner may maintain an action against the partnership or another partner for legal or
4496 equitable relief, with or without an accounting as to the partnership's activities and
4497 affairs, to:
- 4498 (a) enforce the partner's rights under the partnership agreement;
- 4499 (b) enforce the partner's rights under this chapter; or
- 4500 (c) enforce the rights and otherwise protect the interests of the partner, including rights
4501 and interests arising independently of the partnership relationship.
- 4502 (3)(a) The accrual of, and any time limitation on, a right of action for a remedy under
4503 this section is governed by other law.
- 4504 (b) [-]A right to an accounting upon a dissolution and winding up does not revive a
4505 claim barred by law.

4506 Section 124. Section **16-18-407**, which is renumbered from Section 48-1d-407 is renumbered
4507 and amended to read:

4508 **[48-1d-407] 16-18-407 . Continuation of partnership beyond definite term or**
4509 **particular undertaking.**

- 4510 (1) If a partnership for a definite term or particular undertaking is continued, without an
4511 express agreement, after the expiration of the term or completion of the undertaking, the
4512 rights and duties of the partners remain the same as they were at the expiration or

4513 completion, so far as is consistent with a partnership at will.

4514 (2) If the partners, or those of them who habitually acted in the business during the term or
4515 undertaking, continue the business without any settlement or liquidation of the
4516 partnership, they are presumed to have agreed that the partnership will continue.

4517 Section 125. Section **16-18-501**, which is renumbered from Section 48-1d-501 is renumbered
4518 and amended to read:

4519 **Part 5. Contributions and Distributions**

4520 **[48-1d-501] 16-18-501 . Form of contribution.**

4521 A contribution may consist of property transferred to, services performed for, or other
4522 benefit provided to the partnership or an agreement to transfer property to, perform services
4523 for, or provide another benefit to the partnership.

4524 Section 126. Section **16-18-502**, which is renumbered from Section 48-1d-502 is renumbered
4525 and amended to read:

4526 **[48-1d-502] 16-18-502 . Liability for contribution.**

4527 (1) A person's obligation to make a contribution to a partnership is not excused by the
4528 person's death, disability, dissolution, or other inability to perform personally.

4529 (2) If a person does not fulfill an obligation to make a contribution other than money, the
4530 person is obligated at the option of the partnership to contribute money equal to the
4531 value of the part of the contribution which has not been made.

4532 (3)(a) The obligation of a person to make a contribution may be compromised only by
4533 consent of all partners.

4534 (b) [-]If a creditor of a limited liability partnership extends credit or otherwise acts in
4535 reliance on an obligation described in Subsection (1), without notice of a compromise
4536 under this Subsection (3), the creditor may enforce the obligation.

4537 Section 127. Section **16-18-503**, which is renumbered from Section 48-1d-503 is renumbered
4538 and amended to read:

4539 **[48-1d-503] 16-18-503 . Sharing of and right to distributions before dissolution.**

4540 (1) Any distributions made by a partnership before [its] the partnership's dissolution and
4541 winding up must be in equal shares among partners, except to the extent necessary to
4542 comply with a transfer effective under Section [48-1d-603] 16-18-603 or charging order
4543 in effect under Section [48-1d-604] 16-18-604.

4544 (2) A person has a right to a distribution before the dissolution and winding up of a
4545 partnership only if the partnership decides to make an interim distribution.

4546 (3)(a) A person does not have a right to demand or receive a distribution from a

4547 partnership in any form other than money.

4548 (b) [-]Except as otherwise provided in Section [~~48-1d-906~~] 16-18-906, a partnership may
 4549 distribute an asset in kind only if each part of the asset is fungible with each other
 4550 part and each person receives a percentage of the asset equal in value to the person's
 4551 share of distributions.

4552 (4)(a) If a partner or transferee becomes entitled to receive a distribution, the partner or
 4553 transferee has the status of, and is entitled to all remedies available to, a creditor of
 4554 the partnership with respect to the distribution.

4555 (b) [-]However, the partnership's obligation to make a distribution is subject to offset for
 4556 any amount owed to the partnership by the partner or a person dissociated as partner
 4557 on whose account the distribution is made.

4558 Section 128. Section **16-18-504**, which is renumbered from Section 48-1d-504 is renumbered
 4559 and amended to read:

4560 **[~~48-1d-504~~] 16-18-504 . Limitation on distributions by limited liability**
 4561 **partnership.**

4562 (1) A limited liability partnership may not make a distribution, including a distribution
 4563 under Section [~~48-1d-906~~] 16-18-906, if after the distribution:

4564 (a) the limited liability partnership would not be able to pay [~~its~~] the limited liability
 4565 partnership's debts as [~~they~~] the debts become due in the ordinary course of the
 4566 partnership's activities and affairs; or

4567 (b) the limited liability partnership's total assets would be less than the sum of [~~its~~] the
 4568 limited liability partnership's total liabilities plus, unless the partnership agreement
 4569 permits otherwise, the amount that would be needed, if the partnership were to be
 4570 dissolved and wound up at the time of the distribution, to satisfy the preferential
 4571 rights upon dissolution and winding up of partners and transferees whose preferential
 4572 rights are superior to the right to receive distributions of the persons receiving the
 4573 distribution.

4574 (2) A limited liability partnership may base a determination that a distribution is not
 4575 prohibited under Subsection (1) on:

4576 (a) financial statements prepared on the basis of accounting practices and principles that
 4577 are reasonable in the circumstances; or

4578 (b) a fair valuation or other method that is reasonable under the circumstances.

4579 (3) Except as otherwise provided in Subsection (5), the effect of a distribution under
 4580 Subsection (1) is measured:

- 4581 (a) in the case of a distribution as defined in Subsection [~~48-1d-102(4)(a)~~
4582 16-18-101(4)(a)], as of the earlier of the date:
4583 (i) money or other property is transferred or debt is incurred by the limited liability
4584 partnership; or
4585 (ii) the person entitled to the distribution ceases to own the interest or rights being
4586 acquired by the limited liability partnership in return for the distribution;
- 4587 (b) in the case of any other distribution of indebtedness, as of the date the indebtedness
4588 is distributed; and
- 4589 (c) in all other cases, as of the date:
4590 (i) the distribution is authorized, if the payment occurs not later than 120 days after
4591 that date; or
4592 (ii) the payment is made, if the payment occurs more than 120 days after the
4593 distribution is authorized.
- 4594 (4) A limited liability partnership's indebtedness to a partner or transferee incurred by
4595 reason of a distribution made in accordance with this section is at parity with the limited
4596 liability partnership's indebtedness to its general, unsecured creditors, except to the
4597 extent subordinated by agreement.
- 4598 (5)(a) A limited liability partnership's indebtedness, including indebtedness issued as a
4599 distribution, is not a liability for purposes of Subsection (1) if the terms of the
4600 indebtedness provide that payment of principal and interest is made only if and to the
4601 extent that a payment of a distribution could then be made under this section.
- 4602 (b) [~~-~~]If the indebtedness is issued as a distribution, each payment of principal or
4603 interest is treated as a distribution, the effect of which is measured on the date the
4604 payment is made.
- 4605 (6) In measuring the effect of a distribution under Section [~~48-1d-906~~] 16-18-906, the
4606 liabilities of a dissolved limited liability partnership do not include any claim that has
4607 been disposed of under Sections [~~48-1d-907~~] 16-18-907, [~~48-1d-908~~] 16-18-908, and [~~48-1d-909~~] 16-18-909.
- 4609 Section 129. Section **16-18-505**, which is renumbered from Section 48-1d-505 is renumbered
4610 and amended to read:
- 4611 **[~~48-1d-505~~] 16-18-505 . Liability for improper distributions by a limited liability**
4612 **partnership.**
- 4613 (1) If a partner of a limited liability partnership consents to a distribution made in violation
4614 of Section [~~48-1d-504~~] 16-18-504 and in consenting to the distribution fails to comply

- 4615 with Section [~~48-1d-405~~] 16-18-405, the partner is personally liable to the limited
 4616 liability partnership for the amount of the distribution which exceeds the amount that
 4617 could have been distributed without the violation of Section [~~48-1d-504~~] 16-18-504.
- 4618 (2) A person that receives a distribution knowing that the distribution violated Section [~~48-1d-504~~] 16-18-504 is personally liable to the limited liability partnership but only to
 4619 the extent that the distribution received by the person exceeded the amount that could
 4620 have been properly paid under Section [~~48-1d-504~~] 16-18-504.
- 4621 (3) A person against which an action is commenced because the person is liable under
 4622 Subsection (1) may:
- 4623 (a) implead any other person that is liable under Subsection (1) and seek to enforce a
 4624 right of contribution from the person; and
- 4625 (b) implead any person that received a distribution in violation of Subsection (2) and
 4626 seek to enforce a right of contribution from the person in the amount the person
 4627 received in violation of Subsection (2).
- 4628 (4) An action under this section is barred unless commenced not later than two years after
 4629 the distribution.
 4630

4631 Section 130. Section **16-18-601**, which is renumbered from Section 48-1d-601 is renumbered
 4632 and amended to read:

4633 **Part 6. Transfer Interests and Rights of Transferees and Creditors**

4634 **~~[48-1d-601]~~ 16-18-601 . Partner not co-owner of partnership property.**

4635 A partner is not a co-owner of partnership property and has no interest in partnership
 4636 property which can be transferred, either voluntarily or involuntarily.

4637 Section 131. Section **16-18-602**, which is renumbered from Section 48-1d-602 is renumbered
 4638 and amended to read:

4639 **~~[48-1d-602]~~ 16-18-602 . Nature of transferable interest.**

4640 A transferable interest is personal property.

4641 Section 132. Section **16-18-603**, which is renumbered from Section 48-1d-603 is renumbered
 4642 and amended to read:

4643 **~~[48-1d-603]~~ 16-18-603 . Transfer of transferable interest.**

- 4644 (1) A transfer, in whole or in part, of a transferable interest:
- 4645 (a) is permissible;
- 4646 (b) does not by itself cause a person's dissociation or a dissolution and winding up of the
 4647 partnership's activities and affairs; and
- 4648 (c) subject to Section [~~48-1d-605~~] 16-18-605, does not entitle the transferee to:

- 4649 (i) participate in the management or conduct of the partnership's activities and affairs;
4650 or
4651 (ii) except as otherwise provided in Subsection (3), have access to records or other
4652 information concerning the partnership's activities and affairs.
- 4653 (2) A transferee has the right to:
- 4654 (a) receive, in accordance with the transfer, distributions to which the transferor would
4655 otherwise be entitled; and
4656 (b) seek under Subsection [~~48-1d-901(5)~~] 16-18-901(5) a judicial determination that it is
4657 equitable to wind up the partnership's activities and affairs.
- 4658 (3) In a dissolution and winding up of a partnership, a transferee is entitled to an account of
4659 the partnership's transactions only from the date of the last account agreed to by the
4660 partners.
- 4661 (4) A partnership need not give effect to a transferee's rights under this section until the
4662 partnership knows or has notice of the transfer.
- 4663 (5) A transfer of a transferable interest in violation of a restriction on transfer contained in
4664 the partnership agreement is ineffective as to a person having knowledge or notice of the
4665 restriction at the time of transfer.
- 4666 (6) Except as otherwise provided in Subsection [~~48-1d-701(4)(b)~~] 16-18-701(4)(b), if a
4667 partner transfers a transferable interest, the transferor retains the rights of a partner other
4668 than the transferable interest transferred and retains all duties and obligations of a
4669 partner.
- 4670 (7) If a partner transfers a transferable interest to a person that becomes a partner with
4671 respect to the transferred interest, the transferee is liable for the transferor's obligations
4672 under Sections [~~48-1d-502~~] 16-18-502 and [~~48-1d-505~~] 16-18-505 known to the
4673 transferee when the transferee becomes a partner.

4674 Section 133. Section **16-18-604**, which is renumbered from Section 48-1d-604 is renumbered
4675 and amended to read:

4676 **[~~48-1d-604~~] 16-18-604 . Charging order.**

- 4677 (1)(a) On application by a judgment creditor of a partner or transferee, a court may enter
4678 a charging order against the transferable interest of the judgment debtor for the
4679 unsatisfied amount of the judgment.
- 4680 (b) [-]A charging order constitutes a lien on a judgment debtor's transferable interest
4681 and, after the partnership has been served with the charging order, requires the
4682 partnership to pay over to the person to which the charging order was issued any

- 4683 distribution that otherwise would be paid to the judgment debtor.
- 4684 (2) To the extent necessary to effectuate the collection of distributions pursuant to a
- 4685 charging order in effect under Subsection (1), the court may:
- 4686 (a) appoint a receiver of the distributions subject to the charging order, with the power to
- 4687 make all inquiries the judgment debtor might have made; and
- 4688 (b) make all other orders necessary to give effect to the charging order.
- 4689 (3)(a) Upon a showing that distributions under a charging order will not pay the
- 4690 judgment debt within a reasonable time, the court may foreclose the lien and order
- 4691 the sale of the transferable interest.
- 4692 (b) [–]The purchaser at the foreclosure sale obtains only the transferable interest, does
- 4693 not thereby become a partner, and is subject to Section [~~48-1d-603~~] 16-18-603.
- 4694 (4) At any time before foreclosure under Subsection (3), the partner or transferee whose
- 4695 transferable interest is subject to a charging order under Subsection (1) may extinguish
- 4696 the charging order by satisfying the judgment and filing a certified copy of the
- 4697 satisfaction with the court that issued the charging order.
- 4698 (5) At any time before foreclosure under Subsection (3), a partnership or one or more
- 4699 partners whose transferable interests are not subject to the charging order may pay to the
- 4700 judgment creditor the full amount due under the judgment and thereby succeed to the
- 4701 rights of the judgment creditor, including the charging order.
- 4702 (6) This chapter does not deprive any partner or transferee of the benefit of any exemption
- 4703 law applicable to the transferable interest of the partner or transferee.
- 4704 (7) This section provides the exclusive remedy by which a person seeking to enforce a
- 4705 judgment against a partner or transferee, in the capacity of judgment creditor, may
- 4706 satisfy the judgment from the judgment debtor's transferable interest.
- 4707 Section 134. Section **16-18-605**, which is renumbered from Section 48-1d-605 is renumbered
- 4708 and amended to read:
- 4709 **[~~48-1d-605~~] 16-18-605 . Power of legal representative of deceased partner.**
- 4710 If a partner dies, the deceased partner's legal representative may exercise:
- 4711 (1) the rights of a transferee provided in Subsection [~~48-1d-603(3)~~] 16-18-603(3); and
- 4712 (2) for purposes of settling the estate, the rights the deceased partner had under Section [~~48-1d-403~~] 16-18-403.
- 4713
- 4714 Section 135. Section **16-18-701**, which is renumbered from Section 48-1d-701 is renumbered
- 4715 and amended to read:
- 4716

Part 7. Dissociation

4717 **[48-1d-701] 16-18-701 . Events causing dissociation.**

4718 A person is dissociated as a partner when:

- 4719 (1) the partnership has notice of the person's express will to withdraw as a partner, but, if
4720 the person specified a withdrawal date later than the date the partnership had notice, on
4721 that later date;
- 4722 (2) an event stated in the partnership agreement as causing the person's dissociation occurs;
- 4723 (3) the person is expelled as a partner [~~pursuant to~~] in accordance with the partnership
4724 agreement;
- 4725 (4) the person is expelled as a partner by the unanimous vote or consent of the other
4726 partners if:
- 4727 (a) it is unlawful to carry on the partnership's activities and affairs with the person as a
4728 partner;
- 4729 (b) there has been a transfer of all of the person's transferable interest in the partnership,
4730 other than:
- 4731 (i) a transfer for security purposes; or
4732 (ii) a charging order in effect under Section [~~48-1d-604~~] 16-18-604, which has not
4733 been foreclosed;
- 4734 (c) the person is a corporation and:
- 4735 (i) the partnership notifies the person that [it] the person will be expelled as a partner
4736 because the person has filed a statement of dissolution or the equivalent, [its] the
4737 person's charter has been revoked, or [its] the person's right to conduct business
4738 has been suspended by the jurisdiction of [its] the person's incorporation; and
4739 (ii) not later than 90 days after the notification, the statement of dissolution or the
4740 equivalent has not been revoked or the charter or right to conduct business has not
4741 been reinstated; or
- 4742 (d) the person is an unincorporated entity that has been dissolved and whose business is
4743 being wound up;
- 4744 (5) on application by the partnership or another partner, the person is expelled as a partner
4745 by judicial order because the person:
- 4746 (a) has engaged or is engaging in wrongful conduct that has affected adversely and
4747 materially, or will affect adversely and materially, the partnership's activities and
4748 affairs;
- 4749 (b) has committed willfully or persistently, or is committing willfully or persistently, a
4750 material breach of the partnership agreement or a duty or obligation under Section [

- 4751 ~~48-1d-405]~~ 16-18-405; or
- 4752 (c) engaged or is engaging in conduct relating to the partnership's activities and affairs
- 4753 which makes it not reasonably practicable to carry on the partnership's activities and
- 4754 affairs with the person as a partner;
- 4755 (6) in the case of an individual:
- 4756 (a) the individual dies;
- 4757 (b) a guardian or general conservator for the individual is appointed; or
- 4758 (c) a court orders that the individual has otherwise become incapable of performing the
- 4759 individual's duties as a partner under this chapter or the partnership agreement;
- 4760 (7) the person:
- 4761 (a) becomes a debtor in bankruptcy;
- 4762 (b) executes an assignment for the benefit of creditors; or
- 4763 (c) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or
- 4764 liquidator of the person or of all, or substantially all, of the person's property;
- 4765 (8) in the case of a person that is a testamentary or inter vivos trust or is acting as a partner
- 4766 by virtue of being a trustee of such a trust, the trust's entire transferable interest in the
- 4767 partnership is distributed;
- 4768 (9) in the case of a person that is an estate or is acting as a partner by virtue of being a
- 4769 personal representative of an estate, the estate's entire transferable interest in the
- 4770 partnership is distributed, but not merely by reason of the substitution of a successor
- 4771 personal representative;
- 4772 (10) in the case of a person that is not an individual, corporation, unincorporated entity,
- 4773 trust, or estate, the existence of the person terminates;
- 4774 (11) the partnership participates in a merger under [~~Part 10, Merger, Interest Exchange,~~
- 4775 ~~Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger, and:
- 4776 (a) the partnership is not the surviving entity; or
- 4777 (b) otherwise as a result of the merger, the person ceases to be a partner;
- 4778 (12) the partnership participates in an interest exchange under [~~Part 10, Merger, Interest~~
- 4779 ~~Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 8, Interest Exchange, and, as
- 4780 a result of the interest exchange, the person ceases to be a partner;
- 4781 (13) the partnership participates in a conversion under [~~Part 10, Merger, Interest Exchange,~~
- 4782 ~~Conversion, and Domestication]~~ Chapter 1a, Part 9, Conversion;
- 4783 (14) the partnership participates in a domestication under [~~Part 10, Merger, Interest~~
- 4784 ~~Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 10, Domestication, and, as a

4785 result of the domestication, the person ceases to be a partner; or

4786 (15) the partnership dissolves and completes winding up.

4787 Section 136. Section **16-18-702**, which is renumbered from Section 48-1d-702 is renumbered
4788 and amended to read:

4789 **[48-1d-702] 16-18-702 . Power to dissociate as partner -- Wrongful dissociation.**

4790 (1) A person has the power to dissociate as a partner at any time, rightfully or wrongfully,
4791 by withdrawing as a partner by express will under Subsection [48-1d-701(1)]
4792 16-18-701(1).

4793 (2) A person's dissociation as a partner is wrongful only if the dissociation:

4794 (a) is in breach of an express provision of the partnership agreement; or

4795 (b) in the case of a partnership for a definite term or particular undertaking, occurs
4796 before the expiration of the term or the completion of the undertaking and:

4797 (i) the person withdraws by express will, unless the withdrawal follows not later than
4798 90 days after another person's dissociation by death or otherwise under
4799 Subsections [48-1d-701(6)] 16-18-701(6) through (10) or wrongful dissociation
4800 under this subsection;

4801 (ii) the person is expelled by judicial order under Subsection [48-1d-701(5)]
4802 16-18-701(5);

4803 (iii) the person is dissociated under Subsection [48-1d-701(7)] 16-18-701(7); or

4804 (iv) in the case of a person that is not a trust other than a business trust, an estate, an
4805 individual, or a trust other than a business trust, the person is expelled or
4806 otherwise dissociated because it willfully dissolved or terminated.

4807 (3)(a) A person that wrongfully dissociates is liable to the partnership and to the other
4808 partners for damages caused by the dissociation.

4809 (b) [-]The liability is in addition to any debt, obligation, or other liability of the partner
4810 to the partnership or the other partners.

4811 Section 137. Section **16-18-703**, which is renumbered from Section 48-1d-703 is renumbered
4812 and amended to read:

4813 **[48-1d-703] 16-18-703 . Effect of dissociation.**

4814 (1) If a person's dissociation results in a dissolution and winding up of the partnership's
4815 activities and affairs, Part 9, Dissolution and Winding Up, applies, otherwise, Part 8,
4816 Partner's Dissociation When Business Not Wound Up, applies.

4817 (2) If a person is dissociated as a partner:

4818 (a) the person's right to participate in the management and conduct of the partnership's

4819 activities and affairs terminates, except as otherwise provided in Subsection [
 4820 ~~48-1d-902(3)~~] 16-18-902(3); and
 4821 (b) the person's duties and obligations under Section [~~48-1d-405~~] 16-18-405:
 4822 (i) end with regard to matters arising and events occurring after the person's
 4823 dissociation; and
 4824 (ii) continue only with regard to matters arising and events occurring before the
 4825 person's dissociation, unless the partner participates in winding up the
 4826 partnership's activities and affairs [~~pursuant to~~] in accordance with Section [
 4827 ~~48-1d-902~~] 16-18-902.

4828 (3) A person's dissociation does not of itself discharge the person from a debt, obligation, or
 4829 other liability to the partnership or the other partners which the person incurred while a
 4830 partner.

4831 Section 138. Section **16-18-801**, which is renumbered from Section 48-1d-801 is renumbered
 4832 and amended to read:

4833 **Part 8. Partner's Dissociation When Business Not Wound Up**

4834 **~~[48-1d-801]~~ 16-18-801 . Purchase of interest of person dissociated as partner.**

4835 (1) If a person is dissociated as a partner without the dissociation resulting in a dissolution
 4836 and winding up of the partnership's activities and affairs under Section [~~48-1d-901~~]
 4837 16-18-901, the partnership shall cause the person's interest in the partnership to be
 4838 purchased for a buyout price determined [~~pursuant to~~] in accordance with Subsection (2).
 4839 (2) The buyout price of the interest of a person dissociated as a partner is the amount that
 4840 would have been distributable to the person under Subsection [~~48-1d-906(2)~~]
 4841 16-18-906(2) if, on the date of dissociation, the assets of the partnership were sold and
 4842 the partnership were wound up, with the sale price equal to the greater of:
 4843 (a) the liquidation value; or
 4844 (b) the value based on a sale of the entire business as a going concern without the person.
 4845 (3) Interest accrues on the buyout price from the date of dissociation to the date of payment,
 4846 but damages for wrongful dissociation under Subsection [~~48-1d-702(2)~~] 16-18-702(2),
 4847 and all other amounts owing, whether or not presently due, from the person dissociated
 4848 as a partner to the partnership, must be offset against the buyout price.
 4849 (4) A partnership shall defend, indemnify, and hold harmless a person dissociated as a
 4850 partner whose interest is being purchased against all partnership liabilities, whether
 4851 incurred before or after the dissociation, except liabilities incurred by an act of the
 4852 person dissociated as a partner under Section [~~48-1d-802~~] 16-18-802.

- 4853 (5) If no agreement for the purchase of the interest of a person dissociated as a partner is
4854 reached not later than 120 days after a written demand for payment, the partnership shall
4855 pay, or cause to be paid, in money to the person the amount the partnership estimates to
4856 be the buyout price and accrued interest, reduced by any offsets and accrued interest
4857 under Subsection (3).
- 4858 (6) If a deferred payment is authorized under Subsection (8), the partnership may tender a
4859 written offer to pay the amount it estimates to be the buyout price and accrued interest,
4860 reduced by any offsets under Subsection (3), stating the time of payment, the amount
4861 and type of security for payment, and the other terms and conditions of the obligation.
- 4862 (7) The payment or tender required by Subsection (5) or (6) must be accompanied by the
4863 following:
- 4864 (a) a statement of partnership assets and liabilities as of the date of dissociation;
 - 4865 (b) the latest available partnership balance sheet and income statement, if any;
 - 4866 (c) an explanation of how the estimated amount of the payment was calculated; and
 - 4867 (d) written notice that the payment is in full satisfaction of the obligation to purchase
4868 unless, not later than 120 days after the written notice, the person dissociated as a
4869 partner commences an action to determine the buyout price, any offsets under
4870 Subsection (3), or other terms of the obligation to purchase.
- 4871 (8)(a) A person that wrongfully dissociates as a partner before the expiration of a
4872 definite term or the completion of a particular undertaking is not entitled to payment
4873 of any part of the buyout price until the expiration of the term or completion of the
4874 undertaking, unless the person establishes to the satisfaction of the court that earlier
4875 payment will not cause undue hardship to the business of the partnership.
- 4876 (b) [-]A deferred payment must be adequately secured and bear interest.
- 4877 (9)(a) A person dissociated as a partner may maintain an action against the partnership, [
4878 pursuant to] in accordance with Subsection [~~48-1d-406(2)~~] 16-18-406(2), to determine
4879 the buyout price of that person's interest, any offsets under Subsection (3), or other
4880 terms of the obligation to purchase.
- 4881 (b) [-]The action must be commenced not later than 120 days after the partnership has
4882 tendered payment or an offer to pay or within one year after written demand for
4883 payment if no payment or offer to pay is tendered.
- 4884 (c) [-]The court shall determine the buyout price of the person's interest, any offset due
4885 under Subsection (3), and accrued interest, and enter judgment for any additional
4886 payment or refund.

4887 (d) [-]If deferred payment is authorized under Subsection (8), the court shall also
 4888 determine the security for payment and other terms of the obligation to purchase.[-]

4889 (e) The court may assess reasonable attorney's fees and the fees and expenses of
 4890 appraisers or other experts for a party to the action, in amounts the court finds
 4891 equitable, against a party that the court finds acted arbitrarily, vexatiously, or not in
 4892 good faith.

4893 (f) [-]The finding may be based on the partnership's failure to tender payment or an
 4894 offer to pay or to comply with Subsection (7).

4895 Section 139. Section **16-18-802**, which is renumbered from Section 48-1d-802 is renumbered
 4896 and amended to read:

4897 **[48-1d-802] 16-18-802 . Power to bind and liability of person dissociated as**
 4898 **partner.**

4899 (1) After a person is dissociated as a partner without the dissociation resulting in a
 4900 dissolution and winding up of the partnership's activities and affairs and before the
 4901 partnership is merged out of existence, converted, or domesticated under [~~Part 10,~~
 4902 ~~Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger,
 4903 Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a,
 4904 Part 10, Domestication, or dissolved, the partnership is bound by an act of the person
 4905 only if:

4906 (a) the act would have bound the partnership under Section [~~48-1d-301~~] 16-18-301
 4907 before dissociation; and

4908 (b) at the time the other party enters into the transaction:

4909 (i) less than two years has passed since the dissociation; and

4910 (ii) the other party does not know or have notice of the dissociation and reasonably
 4911 believes that the person is a partner.

4912 (2) If a partnership is bound under Subsection (1), the person dissociated as a partner which
 4913 caused the partnership to be bound is liable:

4914 (a) to the partnership for any damage caused to the partnership arising from the
 4915 obligation incurred under Subsection (1); and

4916 (b) if a partner or another person dissociated as a partner is liable for the obligation, to
 4917 the partner or other person for any damage caused to the partner or other person
 4918 arising from the liability.

4919 Section 140. Section **16-18-803**, which is renumbered from Section 48-1d-803 is renumbered
 4920 and amended to read:

4921 **[48-1d-803] 16-18-803 . Liability of person dissociated as partner to other**
4922 **persons.**

4923 (1)(a) A person's dissociation as a partner does not of itself discharge the person's
4924 liability as a partner for a debt, obligation, or other liability of the partnership
4925 incurred before dissociation.

4926 (b) [-]Except as otherwise provided in Subsection (2), the person is not liable for a
4927 partnership obligation incurred after dissociation.

4928 (2) A person that has dissociated as a partner without the dissociation resulting in a
4929 dissolution and winding up of the partnership's activities and affairs is liable on a
4930 transaction entered into by the partnership after the dissociation only if:

4931 (a) a partner would be liable on the transaction; and

4932 (b) at the time the other party enters into the transaction:

4933 (i) less than two years has passed since the dissociation; and

4934 (ii) the other party does not have knowledge or notice of the dissociation and
4935 reasonably believes that the person is a partner.

4936 (3) By agreement with a creditor of a partnership and the partnership, a person dissociated
4937 as a partner may be released from liability for an obligation of the partnership.

4938 (4) A person dissociated as a partner is released from liability for an obligation of the
4939 partnership if the partnership's creditor, with knowledge or notice of the person's
4940 dissociation but without the person's consent, agrees to a material alteration in the nature
4941 or time of payment of the obligation.

4942 Section 141. Section **16-18-804**, which is renumbered from Section 48-1d-804 is renumbered
4943 and amended to read:

4944 **[48-1d-804] 16-18-804 . Statement of dissociation.**

4945 (1) A person dissociated as a partner or the partnership may file a statement of dissociation
4946 stating the name of the partnership and that the partner is dissociated from the
4947 partnership.

4948 (2) A statement of dissociation is a limitation on the authority of a person dissociated as a
4949 partner for the purposes of Subsections [48-1d-303(4)] 16-18-303(4) and (5).

4950 Section 142. Section **16-18-805**, which is renumbered from Section 48-1d-805 is renumbered
4951 and amended to read:

4952 **[48-1d-805] 16-18-805 . Continued use of partnership name.**

4953 Continued use of a partnership name, or name of a person dissociated as a partner as part
4954 of the partnership name, by partners continuing the business does not of itself make the person

4955 dissociated as a partner liable for an obligation of the partners or the partnership continuing the
4956 business.

4957 Section 143. Section **16-18-901**, which is renumbered from Section 48-1d-901 is renumbered
4958 and amended to read:

4959 **Part 9. Dissolution and Winding Up**

4960 **[48-1d-901] 16-18-901 . Events causing dissolution.**

4961 A partnership is dissolved, and the partnership's activities and affairs must be wound up,
4962 upon the occurrence of any of the following:

4963 (1) in a partnership at will, the partnership has notice of a person's express will to withdraw
4964 as a partner, other than a partner that has dissociated under Subsections [48-1d-701(2)]
4965 16-18-701(2) through (10), but, if the person specifies a withdrawal date later than the
4966 date the partnership had notice, on the later date;

4967 (2) in a partnership for a definite term or particular undertaking:

4968 (a) within 90 days after a person's dissociation by death or otherwise under Subsections [
4969 48-1d-701(6)] 16-18-701(6) through (10) or wrongful dissociation under Subsection [
4970 48-1d-702(2)] 16-18-702(2), the affirmative vote or consent of at least half of the
4971 remaining partners to wind up the partnership's activities and affairs, for which
4972 purpose a person's rightful dissociation [~~pursuant to~~] in accordance with Subsection [
4973 48-1d-702(2)(b)(i)] 16-18-702(2)(b)(i) constitutes the expression of that partner's
4974 consent to wind up the partnership's activities and affairs;

4975 (b) the express consent of all the partners to wind up the partnership's activities and
4976 affairs; or

4977 (c) the expiration of the term or the completion of the undertaking;

4978 (3) an event or circumstance that the partnership agreement states causes dissolution;

4979 (4) upon a petition brought by a partner, the entry of a court order dissolving the partnership
4980 on the ground that:

4981 (a) the conduct of all or substantially all the partnership's activities and affairs is
4982 unlawful;

4983 (b) the economic purpose of the partnership is likely to be unreasonably frustrated;

4984 (c) another partner has engaged in conduct relating to the partnership's activities and
4985 affairs which makes it not reasonably practicable to carry on the business in
4986 partnership with that partner; or

4987 (d) it is not otherwise reasonably practicable to carry on the partnership's activities and
4988 affairs in conformity with the partnership agreement;

- 4989 (5) upon a petition brought by a transferee, the entry of a court order dissolving the
4990 partnership on the ground that it is equitable to wind up the partnership's activities and
4991 affairs:
- 4992 (a) after the expiration of the term or completion of the undertaking, if the partnership
4993 was for a definite term or particular undertaking at the time of the transfer or entry of
4994 the charging order that gave rise to the transfer; or
- 4995 (b) at any time, if the partnership was a partnership at will at the time of the transfer or
4996 entry of the charging order that gave rise to the transfer; or
- 4997 (6) the passage of 90 consecutive days during which the partnership does not have at least
4998 two partners.

4999 Section 144. Section **16-18-902**, which is renumbered from Section 48-1d-902 is renumbered
5000 and amended to read:

5001 **[48-1d-902] 16-18-902 . Winding up.**

- 5002 (1)(a) A dissolved partnership shall wind up the partnership's activities and affairs.
- 5003 (b) Except as otherwise provided in Section [~~48-1d-903~~] 16-18-903, a partnership only
5004 continues after dissolution for the purpose of winding up.
- 5005 (2) In winding up a partnership's activities and affairs, the partnership:
- 5006 (a) shall discharge the partnership's debts, obligations, and other liabilities, settle and
5007 close the partnership's activities and affairs, and marshal and distribute the assets of
5008 the partnership; and
- 5009 (b) may:
- 5010 (i) deliver to the division for filing a statement of dissolution stating the name of the
5011 partnership and that the partnership is dissolved;
- 5012 (ii) preserve the partnership's activities and affairs and property as a going concern
5013 for a reasonable time;
- 5014 (iii) prosecute and defend actions and proceedings, whether civil, criminal, or
5015 administrative;
- 5016 (iv) transfer the partnership's property;
- 5017 (v) settle disputes by mediation or arbitration;
- 5018 (vi) deliver to the division for filing a statement of termination stating the name of the
5019 partnership and that the partnership is terminated; and
- 5020 (vii) perform other acts necessary or appropriate to the winding up.
- 5021 (3) A person whose dissociation as a partner resulted in dissolution may participate in
5022 winding up as if still a partner, unless the dissociation was wrongful.

5023 (4)(a) If a dissolved partnership does not have a partner and no person has the right to
 5024 participate in winding up under Subsection (3), the personal or legal representative of
 5025 the last person to have been a partner may wind up the partnership's activities and
 5026 affairs.

5027 (b) [-]If the representative does not exercise that right, a person to wind up the
 5028 partnership's activities and affairs may be appointed by the consent of transferees
 5029 owning a majority of the rights to receive distributions at the time the consent is to be
 5030 effective.

5031 (c) [-]A person appointed under this Subsection (4) has the powers of a partner under
 5032 Section [~~48-1d-904~~] 16-18-904 but is not liable for the debts, obligations, and other
 5033 liabilities of the partnership solely by reason of having or exercising those powers or
 5034 otherwise acting to wind up the partnership's activities and affairs.

5035 (5) Upon a petition brought by any partner or person entitled under Subsection (3) to
 5036 participate in winding up, a court may order judicial supervision of the winding up of a
 5037 dissolved partnership, including the appointment of a person to wind up the partnership's
 5038 activities and affairs, if:

5039 (a) the partnership does not have a partner, and within a reasonable time following the
 5040 dissolution no person has been appointed under Subsection (4); or

5041 (b) the applicant establishes other good cause.

5042 Section 145. Section **16-18-903**, which is renumbered from Section 48-1d-903 is renumbered
 5043 and amended to read:

5044 **[~~48-1d-903~~] 16-18-903 . Rescinding dissolution.**

5045 (1) A partnership may rescind the partnership's dissolution, unless a statement of
 5046 termination applicable to the partnership is effective or the court has entered an order
 5047 under Subsection [~~48-1d-901(4)~~] 16-18-901(4) or (5) dissolving the partnership.

5048 (2) Rescinding dissolution under this section requires:

5049 (a) the affirmative vote or consent of each partner;

5050 (b) if a statement of dissolution applicable to the partnership has been filed by the
 5051 division but has not become effective, delivery to the division for filing of a
 5052 statement of withdrawal under Section [~~48-1d-114~~] 16-1a-205 applicable to the
 5053 statement of dissolution; and

5054 (c) if a statement of dissolution applicable to the partnership is effective, the delivery to
 5055 the division for filing of a statement of correction under Section [~~48-1d-115~~]
 5056 16-1a-206 stating that dissolution has been rescinded under this section.

- 5057 (3) If a partnership rescinds the partnership's dissolution:
- 5058 (a) the partnership resumes carrying on [~~its~~] the partnership's activities and affairs as if
- 5059 dissolution had never occurred;
- 5060 (b) subject to Subsection (3)(c), any liability incurred by the partnership after the
- 5061 dissolution and before the rescission is effective is determined as if dissolution had
- 5062 never occurred; and
- 5063 (c) the rights of a third party arising out of conduct in reliance on the dissolution before
- 5064 the third party knew or had notice of the rescission may not be adversely affected.

5065 Section 146. Section **16-18-904**, which is renumbered from Section 48-1d-904 is renumbered

5066 and amended to read:

5067 **[48-1d-904] 16-18-904 . Power to bind partnership after dissolution.**

- 5068 (1) A partnership is bound by a partner's act after dissolution which:
- 5069 (a) is appropriate for winding up the partnership's activities and affairs; or
- 5070 (b) would have bound the partnership under Section [~~48-1d-301~~] 16-18-301 before
- 5071 dissolution, if, at the time the other party enters into the transaction, the other party
- 5072 does not know or have notice of the dissolution.
- 5073 (2) A person dissociated as a partner binds a partnership through an act occurring after
- 5074 dissolution if at the time the other party enters into the transaction:
- 5075 (a) less than two years has passed since the dissociation;
- 5076 (b) the other party does not have notice of the dissociation and reasonably believes that
- 5077 the person is a partner; and
- 5078 (c) the act:
- 5079 (i) is appropriate for winding up the partnership's activities and affairs; or
- 5080 (ii) would have bound the partnership under Section [~~48-1d-301~~] 16-18-301 before
- 5081 dissolution, and at the time the other party enters into the transaction the other
- 5082 party does not know or have notice of the dissolution.

5083 Section 147. Section **16-18-905**, which is renumbered from Section 48-1d-905 is renumbered

5084 and amended to read:

5085 **[48-1d-905] 16-18-905 . Liability after dissolution.**

- 5086 (1) If a partner having knowledge of the dissolution causes a partnership to incur an
- 5087 obligation under Subsection [~~48-1d-904(1)~~] 16-18-904(1) by an act that is not
- 5088 appropriate for winding up the partnership's activities and affairs, the partner is liable:
- 5089 (a) to the partnership for any damage caused to the partnership arising from the
- 5090 obligation; and

5091 (b) if another partner or person dissociated as a partner is liable for the obligation, to that
 5092 other partner or person for any damage caused to that other partner or person arising
 5093 from the liability.

5094 (2) If a person dissociated as a partner causes a partnership to incur an obligation under
 5095 Subsection [~~48-1d-904(2)~~] 16-18-904(2), the person is liable:

5096 (a) to the partnership for any damage caused to the partnership arising from the
 5097 obligation; and

5098 (b) if a partner or another person dissociated as a partner is liable for the obligation, to
 5099 the partner or other person for any damage caused to the partner or other person
 5100 arising from the obligation.

5101 Section 148. Section **16-18-906**, which is renumbered from Section 48-1d-906 is renumbered
 5102 and amended to read:

5103 **[~~48-1d-906~~] 16-18-906 . Disposition of assets in winding up -- When contributions**
 5104 **required.**

5105 (1) In winding up [~~its~~] a partnership's activities and affairs, a partnership shall apply [~~its~~] the
 5106 partnership's assets, including the contributions required by this section, to discharge the
 5107 partnership's obligations to creditors, including partners that are creditors.

5108 (2) After a partnership complies with Subsection (1), any surplus must be distributed in the
 5109 following order, subject to any charging order in effect under Section [~~48-1d-604~~]
 5110 16-18-604:

5111 (a) to each person owning a transferable interest that reflects contributions made and not
 5112 previously returned, an amount equal to the value of the unreturned contributions; and

5113 (b) among partners in proportion to [~~their~~] the partners' respective rights to share in
 5114 distributions immediately before the dissolution of the partnership, except to the
 5115 extent necessary to comply with any transfer effective under Section [~~48-1d-603~~]
 5116 16-18-603.

5117 (3) If a partnership's assets are insufficient to satisfy all [~~its~~] the partnership's obligations
 5118 under Subsection (1), with respect to each unsatisfied obligation incurred when the
 5119 partnership was not a limited liability partnership, the following rules apply:

5120 (a)(i) Each person that was a partner when the obligation was incurred and that has
 5121 not been released from the obligation under Subsections [~~48-1d-803(3)~~]
 5122 16-18-803(3) and (4) shall contribute to the partnership to enable the partnership
 5123 to satisfy the obligation.

5124 (ii) [-]The contribution due from each of those persons is in proportion to the right to

5125 receive distributions in the capacity of partner in effect for each of those persons
5126 when the obligation was incurred.

5127 (b)(i) If a person does not contribute the full amount required under Subsection (3)(a)
5128 with respect to an unsatisfied obligation of the partnership, the other persons
5129 required to contribute by Subsection (3)(a) on account of the obligation shall
5130 contribute the additional amount necessary to discharge the obligation.

5131 (ii) [-]The additional contribution due from each of those other persons is in
5132 proportion to the right to receive distributions in the capacity of partner in effect
5133 for each of those other persons when the obligation was incurred.

5134 (c) If a person does not make the additional contribution required by Subsection (3)(b),
5135 further additional contributions are determined and due in the same manner as
5136 provided in that subsection.

5137 (d)(i) A person that makes an additional contribution under Subsection (3)(b) or (3)(c)
5138 may recover from any person whose failure to contribute under Subsection (3)(a)
5139 or (3)(b) necessitated the additional contribution.

5140 (ii) [-]A person may not recover under this Subsection (3) more than the amount
5141 additionally contributed.

5142 (iii) [-]A person's liability under this Subsection (3) may not exceed the amount the
5143 person failed to contribute.

5144 (4) If a partnership does not have sufficient surplus to comply with Subsection (2)(a), any
5145 surplus must be distributed among the owners of transferable interests in proportion to
5146 the value of the respective unreturned contributions.

5147 (5) All distributions made under Subsections (2) and (4) must be paid in money.

5148 Section 149. Section **16-18-907**, which is renumbered from Section 48-1d-907 is renumbered
5149 and amended to read:

5150 **[48-1d-907] 16-18-907 . Known claims against dissolved limited liability**
5151 **partnership.**

5152 (1) Except as otherwise provided in Subsection (4), a dissolved limited liability partnership
5153 may give notice of a known claim under Subsection (2), which has the effect provided in
5154 Subsection (3).

5155 (2)(a) A dissolved limited liability partnership may in a record notify [its] the dissolved
5156 limited liability partnership's known claimants of the dissolution.

5157 (b) [-]The notice [must] shall:

5158 [(a)] (i) specify the information required to be included in a claim;

5159 [(b)] (ii) state that the claim must be in writing and provide a mailing address to which
5160 the claim is to be sent;

5161 [(e)] (iii) state the deadline for receipt of a claim, which may not be less than 120 days
5162 after the date of the notice is received by the claimant;

5163 [(d)] (iv) state that the claim will be barred if not received by the deadline; and

5164 [(e)] (v) unless the partnership has been throughout [its] the partnership's existence a
5165 limited liability partnership, state that the barring of a claim against the
5166 partnership will also bar any corresponding claim against any partner or person
5167 dissociated as a partner which is based on Section [48-1d-305] 16-18-305.

5168 (3) A claim against a dissolved limited liability partnership is barred if the requirements of
5169 Subsection (2) are met and:

5170 (a) the claim is not received by the specified deadline; or

5171 (b) if the claim is timely received but rejected by the limited liability partnership:

5172 (i) the partnership causes the claimant to receive a notice in a record stating that the
5173 claim is rejected and will be barred unless the claimant commences an action
5174 against the partnership to enforce the claim not later than 90 days after the
5175 claimant receives the notice; and

5176 (ii) the claimant does not commence the required action not later than 90 days after
5177 the claimant receives the notice.

5178 (4) This section does not apply to a claim based on an event occurring after the effective
5179 date of dissolution or a liability that on that date is contingent.

5180 Section 150. Section **16-18-908**, which is renumbered from Section 48-1d-908 is renumbered
5181 and amended to read:

5182 **[48-1d-908] 16-18-908 . Other claims against dissolved limited liability**
5183 **partnership.**

5184 (1) A dissolved limited liability partnership may publish notice of [its] the dissolved limited
5185 liability partnership's dissolution and request persons having claims against the dissolved
5186 limited liability partnership to present them in accordance with the notice.

5187 (2) A notice under Subsection (1) must:

5188 (a) be published at least once in a newspaper of general circulation in the county in this
5189 state in which the dissolved limited liability partnership's principal office is located
5190 or, if the principal office is not located in this state, in the county in which the office
5191 of the dissolved limited liability partnership's registered agent is or was last located
5192 and in accordance with Section 45-1-101;

- 5193 (b) describe the information required to be contained in a claim, state that the claim must
 5194 be in writing, and provide a mailing address to which the claim is to be sent;
- 5195 (c) state that a claim against the dissolved limited liability partnership is barred unless an
 5196 action to enforce the claim is commenced not later than three years after publication
 5197 of the notice; and
- 5198 (d) unless the dissolved limited liability partnership has been throughout [its] the limited
 5199 liability partnership's existence a limited liability partnership, state that the barring of
 5200 a claim against the dissolved limited liability partnership will also bar any
 5201 corresponding claim against any partner or person dissociated as a partner which is
 5202 based on Section [~~48-1d-306~~] 16-18-306.
- 5203 (3) If a dissolved limited liability partnership publishes a notice in accordance with
 5204 Subsection (2), the claim of each of the following claimants is barred unless the claimant
 5205 commences an action to enforce the claim against the dissolved limited liability
 5206 partnership not later than three years after the publication date of the notice:
- 5207 (a) a claimant that did not receive notice in a record under Section [~~48-1d-907~~] 16-18-907;
- 5208 (b) a claimant whose claim was timely sent to the partnership but not acted on; and
- 5209 (c) a claimant whose claim is contingent at, or based on an event occurring after, the
 5210 effective date of dissolution.
- 5211 (4) A claim not barred under this section or Section [~~48-1d-907~~] 16-18-907 may be enforced:
- 5212 (a) against a dissolved limited liability partnership, to the extent of [its] the dissolved
 5213 limited liability partnership's undistributed assets;
- 5214 (b) except as otherwise provided in Section [~~48-1d-909~~] 16-18-909, if assets of the
 5215 dissolved limited liability partnership have been distributed after dissolution, against
 5216 a partner or transferee to the extent of that person's proportionate share of the claim
 5217 or of the dissolved limited liability partnership's assets distributed to the partner or
 5218 transferee after dissolution, whichever is less, but a person's total liability for all
 5219 claims under this subsection may not exceed the total amount of assets distributed to
 5220 the person after dissolution; and
- 5221 (c) against any person liable on the claim under Sections [~~48-1d-306~~] 16-18-306, [
 5222 ~~48-1d-803~~] 16-18-803, and [~~48-1d-905~~] 16-18-905.

5223 Section 151. Section **16-18-909**, which is renumbered from Section 48-1d-909 is renumbered
 5224 and amended to read:

5225 **[~~48-1d-909~~] 16-18-909 . Court proceedings.**

- 5226 (1)(a) A dissolved limited liability partnership that has published a notice under Section [

5227 ~~48-1d-908~~ 16-18-908 may petition a court with jurisdiction under Title 78A,
 5228 Judiciary and Judicial Administration, for a determination of the amount and form of
 5229 security to be provided for payment of claims that are contingent, have not been
 5230 made known to the dissolved limited liability partnership, or are based on an event
 5231 occurring after the effective date of dissolution but which, based on the facts known
 5232 to the dissolved limited liability partnership, are reasonably expected to arise after the
 5233 effective date of dissolution.

5234 (b) Security is not required for any claim that is or is reasonably anticipated to be barred
 5235 under Subsection [~~48-1d-907(3)~~] 16-18-907(3).

5236 (2) No later than 10 days after the filing of an application under Subsection (1), the
 5237 dissolved limited liability partnership shall give notice of the proceeding to each
 5238 claimant holding a contingent claim known to the dissolved limited liability partnership.

5239 (3)(a) In any proceeding under this section, the court may appoint a guardian ad litem to
 5240 represent all claimants whose identities are unknown.

5241 (b) The reasonable fees and expenses of the guardian, including all reasonable expert
 5242 witness fees, must be paid by the dissolved limited liability partnership.

5243 (4) A dissolved limited liability partnership that provides security in the amount and form
 5244 ordered by the court under Subsection (1) satisfies the dissolved limited liability
 5245 partnership's obligations with respect to claims that are contingent, have not been made
 5246 known to the dissolved limited liability partnership, or are based on an event occurring
 5247 after the effective date of dissolution, and the claims may not be enforced against a
 5248 partner or transferee who receives assets in liquidation.

5249 (5) This section applies only to a debt, obligation, or other liability incurred while a
 5250 partnership was a limited liability partnership.

5251 Section 152. Section **16-18-910**, which is renumbered from Section ~~48-1d-910~~ is renumbered
 5252 and amended to read:

5253 **[~~48-1d-910~~] 16-18-910 . Liability of partner and person dissociation as partner**
 5254 **when claim against limited liability partnership is barred.**

5255 If a claim against a dissolved limited liability partnership is barred under Section [
 5256 ~~48-1d-907~~] 16-18-907, [~~48-1d-908~~] 16-18-908, or [~~48-1d-909~~] 16-18-909, any corresponding
 5257 claim under Section [~~48-1d-306~~] 16-18-306, [~~48-1d-803~~] 16-18-803, or [~~48-1d-905~~] 16-18-905
 5258 is also barred.

5259 Section 153. Section **16-18-1001**, which is renumbered from Section ~~48-1d-1101~~ is renumbered
 5260 and amended to read:

5261

Part 10. Limited Liability Partnerships

5262

[48-1d-1101] 16-18-1001 . Statement of qualification.

5263

(1) A partnership may become a limited liability partnership ~~[pursuant to]~~ in accordance with this section.

5264

5265

(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.

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(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.

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The statement of qualification must contain:

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(a) the name of the limited liability partnership;

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(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;

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(c) the information required by ~~[Subsection 16-17-203(1)]~~ Section 16-1a-404; and

5276

(d) a statement that the partnership elects to become a limited liability partnership.

5277

(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.

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(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.

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(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.

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(b) ~~[-]~~The statement must be consented to by all partners and state the name of the limited liability partnership and in the case of:

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5290

~~[(a)]~~ (i) an amendment, state the amendment; and

5291

~~[(b)]~~ (ii) a cancellation, state that the statement of qualification is canceled.

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Section 154. Section **16-18-1002**, which is renumbered from Section 48-1d-1102 is renumbered and amended to read:

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[48-1d-1102] 16-18-1002 . Administrative revocation of statement of qualification.

- 5295 (1) The division may commence a proceeding under Subsections (2) and (3) to revoke the
 5296 statement of qualification of a limited liability partnership administratively if the limited
 5297 liability partnership does not:
- 5298 (a) pay any fee, tax, or penalty required to be paid to the division not later than 60 days
 5299 after it is due;
- 5300 (b) deliver an annual report to the division not later than 60 days after it is due; or
 5301 (c) have a registered agent in this state for 60 consecutive days.
- 5302 (2) If the division determines that one or more grounds exist for administratively revoking a
 5303 statement of qualification, the division shall serve the limited liability partnership with
 5304 notice in a record of the division's determination.
- 5305 (3)(a) If a limited liability partnership, not later than 60 days after service of the notice is
 5306 effected under Subsection (2), does not cure each ground for revocation or
 5307 demonstrate to the satisfaction of the division that each ground determined by the
 5308 division does not exist, the division shall administratively revoke the statement of
 5309 qualification by signing a statement of administrative revocation that recites the
 5310 grounds for revocation and the effective date of the revocation.
- 5311 (b) ~~[-]~~The division shall file the statement and serve a copy on the limited liability
 5312 partnership ~~[pursuant to]~~ in accordance with Section ~~[48-1d-116]~~ 16-1a-207.
- 5313 (4) An administrative revocation under Subsection (3) affects only a partnership's status as
 5314 a limited liability partnership and is not an event causing dissolution of the partnership.
- 5315 (5) The administrative revocation of a statement of qualification of a limited liability
 5316 partnership does not terminate the authority of [its] the limited liability partnership's
 5317 registered agent.

5318 Section 155. Section **16-18-1101**, which is renumbered from Section 48-1d-1301 is renumbered
 5319 and amended to read:

5320 **Part 11. Professional Services Limited Liability Partnerships**

5321 **~~[48-1d-1301]~~ 16-18-1101 . Definitions.**

5322 As used in this part:

- 5323 (1) "Professional services partnership" means a limited liability partnership organized in
 5324 accordance with this part to provide professional services.
- 5325 (2) "Regulating board" means the entity organized pursuant to state law that licenses and
 5326 regulates the practice of the profession that a limited liability partnership is organized to
 5327 provide.

5328 Section 156. Section **16-18-1102**, which is renumbered from Section 48-1d-1302 is renumbered

5329 and amended to read:

5330 **[48-1d-1302] 16-18-1102 . Application of this part.**

5331 If a conflict arises between this part and another provision of this chapter, this part
5332 controls.

5333 Section 157. Section **16-18-1103**, which is renumbered from Section 48-1d-1304 is renumbered
5334 and amended to read:

5335 **[48-1d-1304] 16-18-1103 . Providing a professional service.**

5336 (1) Subject to Section [48-1d-1305] 16-18-1104, a professional services partnership may
5337 provide a professional service in this state only through an individual licensed or
5338 otherwise authorized in this state to provide the professional service.

5339 (2) Subsection (1) does not:

5340 (a) require an individual employed by a professional services partnership to be licensed
5341 to perform a service for the professional services company if a license is not
5342 otherwise required;

5343 (b) prohibit a licensed individual from providing a professional service in the
5344 individual's professional capacity although the individual is a partner, employee, or
5345 agent of a professional services partnership; or

5346 (c) prohibit an individual licensed in another state from providing a professional service
5347 for a professional services partnership in this state if not prohibited by the regulating
5348 board.

5349 Section 158. Section **16-18-1104**, which is renumbered from Section 48-1d-1305 is renumbered
5350 and amended to read:

5351 **[48-1d-1305] 16-18-1104 . Limit of one profession.**

5352 (1) A professional services partnership organized to provide a professional service under
5353 this part may provide only:

5354 (a) one specific type of professional service; and

5355 (b) services ancillary to the professional service described in Subsection (1)(a).

5356 (2) A professional services partnership organized to provide a professional service under
5357 this part may not engage in a business other than to provide:

5358 (a) the professional service that it was organized to provide; and

5359 (b) services ancillary to the professional service described in Subsection (2)(a).

5360 (3) Notwithstanding Subsections (1) and (2), a professional services partnership may:

5361 (a) own real and personal property necessary or appropriate for providing the type of
5362 professional service it was organized to provide; and

- 5363 (b) invest the professional services partnership's money in one or more of the following:
- 5364 (i) real estate;
- 5365 (ii) mortgages;
- 5366 (iii) stocks;
- 5367 (iv) bonds; or
- 5368 (v) another type of investment.

5369 Section 159. Section **16-18-1105**, which is renumbered from Section 48-1d-1306 is renumbered
5370 and amended to read:

5371 **[48-1d-1306] 16-18-1105 . Activity limitations.**

5372 A professional services partnership may not do anything that an individual licensed to
5373 practice the profession that the professional services partnership is organized to provide is
5374 prohibited from doing.

5375 Section 160. Section **16-18-1106**, which is renumbered from Section 48-1d-1307 is renumbered
5376 and amended to read:

5377 **[48-1d-1307] 16-18-1106 . This part does not limit regulating board.**

5378 This part does not restrict the authority or duty of a regulating board to license an
5379 individual providing a professional service or the practice of the profession that is within the
5380 jurisdiction of the regulating board, notwithstanding that the individual:

- 5381 (1) is a partner or employee of a professional services partnership; or
- 5382 (2) provides the professional service or engages in the practice of the profession through a
5383 professional services partnership.

5384 Section 161. Section **16-18-1107**, which is renumbered from Section 48-1d-1308 is renumbered
5385 and amended to read:

5386 **[48-1d-1308] 16-18-1107 . Partner of a professional services partnership.**

5387 A professional services partnership organized to provide a professional service:

- 5388 (1) may include a partner or employee who is authorized under the laws of the jurisdiction
5389 where the partner or employee resides to provide a similar professional service;
- 5390 (2) may include a partner who is not licensed or registered by the state to provide the
5391 professional service to the extent allowed by the applicable licensing or registration act
5392 relating to the professional service; and
- 5393 (3) may render a professional service in this state only through a partner or employee who
5394 is licensed or registered by this state to render the professional service.

5395 Section 162. Section **16-18-1108**, which is renumbered from Section 48-1d-1309 is renumbered
5396 and amended to read:

5397 **[48-1d-1309] 16-18-1108 . Restriction on transfer by partner.**

- 5398 (1) Except as provided in Subsections (2) and (3), a partner of a professional services
 5399 partnership may sell or transfer the partner's interest in the professional services
 5400 partnership only to:
- 5401 (a) the professional services partnership; or
 - 5402 (b) an individual who is licensed or registered by this state to provide the same type of
 5403 professional service as the professional service for which the professional services
 5404 partnership is organized, or who otherwise satisfies the requirements of Subsection [
 5405 ~~48-1d-1308(1)~~] 16-18-1107(1) or (2).
- 5406 (2) Upon the death or incapacity of a partner of a professional services partnership, the
 5407 partner's interest in the professional services partnership may be transferred to the
 5408 personal representative or estate of the deceased or incapacitated partner.
- 5409 (3) The person to whom an interest is transferred under Subsection (2) may continue to hold
 5410 the interest for a reasonable period, but may not participate in a decision concerning the
 5411 providing of a professional service.

5412 Section 163. Section **16-18-1109**, which is renumbered from Section 48-1d-1310 is renumbered
 5413 and amended to read:

5414 **[48-1d-1310] 16-18-1109 . Purchase of interest upon death, incapacity, or**
 5415 **disqualification of member.**

- 5416 (1) Subject to this part, one or more of the following may provide for the purchase of a
 5417 partner's interest in a professional services partnership upon the death, incapacity, or
 5418 disqualification of the partner:
- 5419 (a) the partnership agreement; or
 - 5420 (b) a private agreement.
- 5421 (2) In the absence of a provision described in Subsection (1), a professional services
 5422 partnership shall purchase the interest of a partner who is deceased, incapacitated, or no
 5423 longer qualified to own an interest in the professional services partnership within 90
 5424 days after the day on which the professional services partnership is notified of the death,
 5425 incapacity, or disqualification.
- 5426 (3) If a professional services partnership purchases a partner's interest under Subsection (2),
 5427 the professional services company shall purchase the interest at a price that is the
 5428 reasonable fair market value as of the date of death, incapacity, or disqualification.
- 5429 (4) If a professional services partnership fails to purchase a partner's interest as required by
 5430 Subsection (2) at the end of the 90-day period described in Subsection (2), the following

5431 persons may bring an action in a court with jurisdiction under Title 78A, Judiciary and
 5432 Judicial Administration, to enforce Subsection (2):

- 5433 (a) the personal representative of a deceased partner;
 5434 (b) the guardian or conservator of an incapacitated partner; or
 5435 (c) the disqualified partner.

5436 (5) A court in which an action is brought under Subsection (4) may:

- 5437 (a) award the person bringing the action the reasonable fair market value of the interest;
 5438 or
 5439 (b) within the court's jurisdiction, order the liquidation of the professional services
 5440 partnership.

5441 (6) If a person described in Subsections (4)(a) through (c) is successful in an action under
 5442 Subsection (4), the court shall award the person reasonable attorney's fees and costs.

5443 Section 164. Section **16-18-1201**, which is renumbered from Section 48-1d-1401 is renumbered
 5444 and amended to read:

5445 **Part 12. Miscellaneous Provisions**

5446 **[48-1d-1401] 16-18-1201 . Uniformity of application and construction.**

5447 In applying and construing this chapter, consideration must be given to the need to
 5448 promote uniformity of the law with respect to [its] this chapter's subject matter among states
 5449 that enact the uniform act upon which this chapter is based.

5450 Section 165. Section **16-18-1202**, which is renumbered from Section 48-1d-1402 is renumbered
 5451 and amended to read:

5452 **[48-1d-1402] 16-18-1202 . Severability clause.**

5453 If any provision of this chapter or [its] this chapter's application to any person or
 5454 circumstance is held invalid, the invalidity does not affect other provisions or applications of
 5455 this chapter which can be given effect without the invalid provision or application, and to this
 5456 end the provisions of this chapter are severable.

5457 Section 166. Section **16-18-1203**, which is renumbered from Section 48-1d-1403 is renumbered
 5458 and amended to read:

5459 **[48-1d-1403] 16-18-1203 . Relation to Electronic Signatures in Global and**
 5460 **National Commerce Act.**

5461 This chapter modifies, limits, and supersedes the Electronic Signatures in Global and
 5462 National Commerce Act, 15 U.S.C. Sec. 7001 et seq., but this chapter does not modify, limit,
 5463 or supersede Sec. 101(c) of that act, 15 U.S.C. Sec. 7001(c), or authorize electronic delivery of
 5464 any of the notices described in Sec. 103(b) of that act, 15 U.S.C. Sec. 7003(b).

5465 Section 167. Section **16-18-1204**, which is renumbered from Section 48-1d-1404 is renumbered
5466 and amended to read:

5467 **[48-1d-1404] 16-18-1204 . Savings clause.**

5468 This chapter does not affect an action commenced, proceeding brought, or right accrued
5469 before this chapter takes effect.

5470 Section 168. Section **16-18-1205**, which is renumbered from Section 48-1d-1405 is renumbered
5471 and amended to read:

5472 **[48-1d-1405] 16-18-1205 . Application to existing relationships.**

5473 (1) Before January 1, 2016, this chapter governs only:

5474 (a) a partnership formed on or after January 1, 2014; and

5475 (b) except as otherwise provided in Subsection (3), a partnership formed before January
5476 1, 2014, which elects, in the manner provided in [its] the partnership's partnership
5477 agreement or by law for amending the partnership agreement, to be subject to this
5478 chapter.

5479 (2) Except as otherwise provided in Subsection (3), on and after January 1, 2016, this
5480 chapter governs all partnerships.

5481 (3) With respect to a partnership that elects pursuant to Subsection (1)(b) to be subject to
5482 this chapter, after the election takes effect the provisions of this chapter relating to the
5483 liability of the partnership's partners to third parties apply:

5484 (a) before January 1, 2016, to:

5485 (i) a third party that had not done business with the partnership in the year before the
5486 election took effect; and

5487 (ii) a third party that had done business with the partnership in the year before the
5488 election took effect only if the third party knows or has received a notification of
5489 the election; and

5490 (b) on and after January 1, 2016, to all third parties, but those provisions remain
5491 inapplicable to any obligation incurred while those provisions were inapplicable
5492 under Subsection (3)(a)(ii).

5493 Section 169. Section **16-19-101**, which is renumbered from Section 48-2e-102 is renumbered
5494 and amended to read:

5495 **CHAPTER 19. Utah Uniform Limited Partnership Act**

5496 **Part 1. General Provisions**

5497 **[48-2e-102] 16-19-101 . Definitions.**

5498 As used in this chapter:

- 5499 (1)(a) "Certificate of limited partnership" means the certificate required by Section [
5500 ~~48-2e-201~~] 16-19-201.
- 5501 (b) [~~The term~~] "Certificate of limited partnership" includes the certificate as amended or
5502 restated.
- 5503 (2) "Contribution," except in the phrase "right of contribution," means property or a benefit
5504 described in Section [~~48-2e-501~~] 16-19-501 which is provided by a person to a limited
5505 partnership to become a partner or in the person's capacity as a partner.
- 5506 (3) "Debtor in bankruptcy" means a person that is the subject of:
5507 (a) an order for relief under Title 11 of the United States Code or a comparable order
5508 under a successor statute of general application; or
5509 (b) a comparable order under federal, state, or foreign law governing insolvency.
- 5510 (4)(a) "Distribution" means a transfer of money or other property from a limited
5511 partnership to a person on account of a transferable interest or in the person's capacity
5512 as a partner.[~~The term:~~]
- 5513 [(~~a~~)] (b) "Distribution" includes:
5514 (i) a redemption or other purchase by a limited partnership of a transferable interest;
5515 and
5516 (ii) a transfer to a partner in return for the partner's relinquishment of any right to
5517 participate as a partner in the management or conduct of the limited partnership's
5518 activities and affairs or to have access to records or other information concerning
5519 the limited partnership's activities and affairs[~~; and~~] .
- 5520 [(~~b~~)] (c) "Distribution" does not include amounts constituting reasonable compensation
5521 for present or past service or payments made in the ordinary course of business under
5522 a bona fide retirement plan or other bona fide benefits program.
- 5523 (5) "Division" means the Division of Corporations and Commercial Code.
- 5524 (6) "Foreign limited liability limited partnership" means a foreign limited partnership
5525 whose general partners have limited liability for the debts, obligations, or other liabilities
5526 of the foreign limited partnership under a provision similar to Subsection [~~48-2e-404(3)~~]
5527 16-19-404(3).
- 5528 (7)(a) "Foreign limited partnership" means an unincorporated entity formed under the
5529 law of a jurisdiction other than this state which would be a limited partnership if
5530 formed under the law of this state.
- 5531 (b) [~~The term~~] "Foreign limited partnership" includes a foreign limited liability limited

- 5532 partnership.
- 5533 (8) "General partner" means a person that:
- 5534 (a) has become a general partner under Section ~~[48-2e-401]~~ 16-19-401 or was a general
- 5535 partner in a limited partnership when the limited partnership became subject to this
- 5536 chapter under Section ~~[48-2e-1205]~~ 16-19-1105; and
- 5537 (b) has not dissociated as a general partner under Section ~~[48-2e-603]~~ 16-19-603.
- 5538 (9) "Jurisdiction," used to refer to a political entity, means the United States, a state, a
- 5539 foreign country, or a political subdivision of a foreign country.
- 5540 (10) "Jurisdiction of formation" means, with respect to an entity, the jurisdiction:
- 5541 (a) under whose law the entity is formed; or
- 5542 (b) in the case of a limited liability partnership or foreign limited liability partnership, in
- 5543 which the partnership's statement of qualification is filed.
- 5544 (11) "Limited liability limited partnership," except in the phrase "foreign limited liability
- 5545 limited partnership," means a limited partnership whose certificate of limited partnership
- 5546 states that the partnership is a limited liability limited partnership.
- 5547 (12) "Limited partner" means a person that:
- 5548 (a) has become a limited partner under Section ~~[48-2e-301]~~ 16-19-301 or was a limited
- 5549 partner in a limited partnership when the limited partnership became subject to this
- 5550 chapter under Section ~~[48-2e-1205]~~ 16-19-1105; and
- 5551 (b) has not dissociated under Section ~~[48-2e-601]~~ 16-19-601.
- 5552 (13)(a) "Limited partnership" means an entity formed under this chapter or which
- 5553 becomes subject to this chapter under~~[Part 11, Merger, Interest Exchange,~~
- 5554 ~~Conversion, and Domestication]~~ :
- 5555 (i) Chapter 1a, Part 7, Merger;
- 5556 (ii) Chapter 1a, Part 8, Interest Exchange;
- 5557 (iii) Chapter 1a, Part 9, Conversion;
- 5558 (iv) ~~[-]~~ Chapter 1a, Part 10, Domestication; or
- 5559 (v) ~~[-]~~ Section ~~[48-2e-1205]~~ 16-19-1105.
- 5560 (b) ~~[-The term-]~~ "Limited partnership" includes a limited liability limited partnership.
- 5561 (14) "Partner" means a limited partner or general partner.
- 5562 (15)(a) "Partnership agreement" means the agreement, whether or not referred to as a
- 5563 partnership agreement, and whether oral, implied, in a record, or in any combination
- 5564 thereof, of all the partners of a limited partnership concerning the matters described
- 5565 in Subsection ~~[48-2e-112(1)]~~ 16-19-107(1).

- 5566 (b) [~~The term~~] "Partnership agreement" includes the agreement as amended or restated.
- 5567 (16) "Person" means an individual, business corporation, nonprofit corporation, partnership,
- 5568 limited partnership, limited liability company, limited cooperative association,
- 5569 unincorporated nonprofit association, statutory trust, business trust, common-law
- 5570 business trust, estate, trust, association, joint venture, public corporation, government or
- 5571 governmental subdivision, agency, or instrumentality, or any other legal or commercial
- 5572 entity.
- 5573 (17) "Principal office" means the principal executive office of a limited partnership or
- 5574 foreign limited partnership, whether or not the office is located in this state.
- 5575 (18) "Property" means all property, whether real, personal, or mixed or tangible or
- 5576 intangible, or any right or interest therein.
- 5577 (19) "Record," used as a noun, means information that is inscribed on a tangible medium or
- 5578 that is stored in an electronic or other medium and is retrievable in perceivable form.
- 5579 (20) "Registered agent" means an agent of a limited partnership or foreign limited
- 5580 partnership which is authorized to receive service of any process, notice, or demand
- 5581 required or permitted by law to be served on the limited partnership.
- 5582 (21) "Registered foreign limited partnership" means a foreign limited partnership that is
- 5583 registered to do business in this state pursuant to a statement of registration filed by the
- 5584 division.
- 5585 (22) "Required information" means the information that a limited partnership is required to
- 5586 maintain under Section [~~48-2e-115~~] 16-19-110.
- 5587 (23) "Sign" means, with present intent to authenticate or adopt a record:
- 5588 (a) to execute or adopt a tangible symbol; or
- 5589 (b) to attach to or logically associate with the record an electronic symbol, sound, or
- 5590 process.
- 5591 (24) "State" means a state of the United States, the District of Columbia, Puerto Rico, the
- 5592 United States Virgin Islands, or any territory or insular possession subject to the
- 5593 jurisdiction of the United States.
- 5594 (25) "Transfer" includes:
- 5595 (a) an assignment;
- 5596 (b) a conveyance;
- 5597 (c) a sale;
- 5598 (d) a lease;
- 5599 (e) an encumbrance, including a mortgage or security interest;

5600 (f) a gift; and

5601 (g) a transfer by operation of law.

5602 (26)(a) "Transferable interest" means the right, as initially owned by a person in the
5603 person's capacity as a partner, to receive distributions from a limited partnership in
5604 accordance with the partnership agreement, whether or not the person remains a
5605 partner or continues to own any part of the right.

5606 (b) [~~The term~~] "Transferable interest" applies to any fraction of the interest, by
5607 whomever owned.

5608 (27)(a) "Transferee" means a person to which all or part of a transferable interest has
5609 been transferred, whether or not the transferor is a partner.

5610 (b) [~~The term~~] "Transferee" includes a person that owns a transferable interest under
5611 Subsection [~~48-2e-602(1)(e)~~] 16-19-602(1)(c) or [~~48-2e-605(1)(d)~~] 16-19-605(1)(d).

5612 (28) "Tribal limited partnership" means a limited partnership:

5613 (a) formed under the law of a tribe; and

5614 (b) that is at least 51% owned or controlled by the tribe under whose law the limited
5615 partnership is formed.

5616 (29) "Tribe" means a tribe, band, nation, pueblo, or other organized group or community of
5617 Indians, including an Alaska Native village, that is legally recognized as eligible for and
5618 is consistent with a special program, service, or entitlement provided by the United
5619 States to Indians because of their status as Indians.

5620 Section 170. Section **16-19-102**, which is renumbered from Section 48-2e-103 is renumbered
5621 and amended to read:

5622 **~~[48-2e-103]~~ 16-19-102 . Knowledge -- Notice.**

5623 (1) A person knows a fact if the person:

5624 (a) has actual knowledge of it; or

5625 (b) is deemed to know it under law other than this chapter.

5626 (2) A person has notice of a fact if the person:

5627 (a) has reason to know the fact from all of the facts known to the person at the time in
5628 question; or

5629 (b) is deemed to have notice of the fact under Subsection (3) or (4).

5630 (3)(a) A certificate of limited partnership on file in the office of the division is notice
5631 that the partnership is a limited partnership and the persons designated in the
5632 certificate as general partners are general partners.

5633 (b) [~~—~~]Except as otherwise provided in Subsection (4), the certificate is not notice of any

5634 other fact.

5635 (4) A person not a partner is deemed to have notice of:

5636 (a) another person's dissociation as a general partner 90 days after the effective date of
5637 an amendment to the certificate of limited partnership which states that the other
5638 person has dissociated or 90 days after the effective date of a statement of
5639 dissociation pertaining to the other person, whichever occurs first;

5640 (b) a limited partnership's:

5641 (i) dissolution 90 days after an amendment to the certificate of limited partnership
5642 stating that the limited partnership becomes effective;

5643 (ii) termination 90 days after a statement of termination under Subsection [
5644 ~~48-2e-802(2)(b)(vi)] 16-19-802(2)(b)(vi) becomes effective;~~

5645 (iii) participation in a merger, interest exchange, conversion, or domestication 90
5646 days after a statement of merger, interest exchange, conversion, or domestication
5647 under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication]~~
5648 Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part
5649 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective; and

5650 (iv) abandonment of a merger, interest exchange, conversion, or domestication 90
5651 days after a statement of abandonment of merger, interest exchange, conversion,
5652 or domestication under [~~Part 11, Merger, Interest Exchange, Conversion, and~~
5653 ~~Domestication]~~ Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange,
5654 Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes
5655 effective.

5656 (5) Subject to Subsection [~~48-2e-209(6)] 16-1a-211, a person notifies another person of a
5657 fact by taking steps reasonably required to inform the other person in ordinary course,
5658 whether or not those steps cause the other person to know the fact.~~

5659 (6)(a) A general partner's knowledge or notice of a fact relating to the limited
5660 partnership is effective immediately as knowledge of or notice to the limited
5661 partnership, except in the case of a fraud on the limited partnership committed by or
5662 with the consent of the general partner.

5663 (b) [-]A limited partner's knowledge or notice of a fact relating to the limited partnership
5664 is not effective as knowledge of or notice to the limited partnership.

5665 Section 171. Section **16-19-103**, which is renumbered from Section 48-2e-104 is renumbered
5666 and amended to read:

5667 **[~~48-2e-104] 16-19-103 . Nature, purpose, and duration of limited partnership.~~**

5668 (1)(a) A limited partnership is an entity distinct from [its] the limited partnership's
5669 partners.

5670 (b) [-]A limited partnership is the same entity regardless of whether [its] the limited
5671 partnership's certificate states that the limited partnership is a limited liability limited
5672 partnership.

5673 (2) A limited partnership may have any lawful purpose, regardless of whether for profit.

5674 (3) A limited partnership has perpetual duration.

5675 Section 172. Section **16-19-104**, which is renumbered from Section 48-2e-105 is renumbered
5676 and amended to read:

5677 **[48-2e-105] 16-19-104 . Powers.**

5678 A limited partnership has the capacity to sue and be sued in [its] the limited partnership's
5679 own name and the power to do all things necessary or convenient to carry on [its] the limited
5680 partnership's activities and affairs.

5681 Section 173. Section **16-19-105**, which is renumbered from Section 48-2e-106 is renumbered
5682 and amended to read:

5683 **[48-2e-106] 16-19-105 . Governing law.**

5684 The law of this state governs:

5685 (1) the internal affairs of a limited partnership; and

5686 (2) the liability of a partner as partner for the debts, obligations, or other liabilities of a
5687 limited partnership.

5688 Section 174. Section **16-19-106**, which is renumbered from Section 48-2e-107 is renumbered
5689 and amended to read:

5690 **[48-2e-107] 16-19-106 . Supplemental principles of law.**

5691 Unless displaced by particular provisions of this chapter, the principles of law and equity
5692 supplement this chapter.

5693 Section 175. Section **16-19-107**, which is renumbered from Section 48-2e-112 is renumbered
5694 and amended to read:

5695 **[48-2e-112] 16-19-107 . Partnership agreement -- Scope, function, and limitations.**

5696 (1) Except as otherwise provided in Subsections (3) and (4), the partnership agreement
5697 governs:

5698 (a) relations among the partners as partners and between the partners and the limited
5699 partnership;

5700 (b) the activities and affairs of the limited partnership and the conduct of those activities
5701 and affairs; and

- 5702 (c) the means and conditions for amending the partnership agreement.
- 5703 (2) To the extent the partnership agreement does not provide for a matter described in
5704 Subsection (1), this chapter governs the matter.
- 5705 (3) A partnership agreement may not:
- 5706 (a) vary a limited partnership's capacity under Section [~~48-2e-105~~] 16-19-104 to sue and
5707 be sued in [~~its~~] the limited partnership's own name;
- 5708 (b) vary the law applicable under Section [~~48-2e-106~~] 16-19-105;
- 5709 (c) vary any requirement, procedure, or other provision of this chapter pertaining to:
- 5710 (i) registered agents; or
- 5711 (ii) the division, including provisions pertaining to records authorized or required to
5712 be delivered to the division for filing under this chapter;
- 5713 (d) vary the provisions of Section [~~48-2e-204~~] 16-1a-209;
- 5714 (e) vary the right of a general partner under Subsection [~~48-2e-406(2)(b)~~] 16-19-406(2)(b)
5715 to vote on or consent to an amendment to the certificate of limited partnership which
5716 deletes a statement that the limited partnership is a limited liability limited
5717 partnership;
- 5718 (f) eliminate the duty of loyalty or the duty of care except as otherwise provided in
5719 Subsection (4);
- 5720 (g) eliminate the contractual obligation of good faith and fair dealing under Subsections [
5721 ~~48-2e-305(1)~~] 16-19-305(1) and [~~48-2e-409(4)~~] 16-19-409(4), but the partnership
5722 agreement may prescribe the standards, if not unconscionable or against public
5723 policy, by which the performance of the obligation is to be measured;
- 5724 (h) relieve or exonerate a person from liability for conduct involving bad faith, willful
5725 misconduct, or recklessness;
- 5726 (i) vary the information required under Section [~~48-2e-115~~] 16-19-110 or unreasonably
5727 restrict the duties and rights under Section [~~48-2e-304~~] 16-19-304 or [~~48-2e-407~~]
5728 16-19-407, but the partnership agreement may impose reasonable restrictions on the
5729 availability and use of information obtained under those sections and may define
5730 appropriate remedies, including liquidated damages, for a breach of any reasonable
5731 restriction on use;
- 5732 (j) vary the power of a person to dissociate as a general partner under Subsection [
5733 ~~48-2e-604(1)~~] 16-19-604(1) except to require that the notice under Subsection [
5734 ~~48-2e-603(1)~~] 16-19-603(1) be in a record;
- 5735 (k) vary the causes of dissolution specified in Subsection [~~48-2e-801(1)(f)~~]

- 5736 16-19-801(1)(f);
- 5737 (l) vary the requirement to wind up the limited partnership's activities and affairs as
- 5738 specified in Subsections [~~48-2e-802(1)~~] 16-19-802(1), (2)(a), and (4);
- 5739 (m) unreasonably restrict the right of a partner to maintain an action under Part 10,
- 5740 Actions by Partners;
- 5741 (n) vary the provisions of Section [~~48-2e-1005~~] 16-19-1005, but the partnership
- 5742 agreement may provide that the limited partnership may not have a special litigation
- 5743 committee;
- 5744 (o) vary the right of a partner to approve a merger, interest exchange, conversion, or
- 5745 domestication under [~~Subsection 48-2e-1123(1)(b)~~] Section 16-1a-704, [~~48-2e-1133(1)(b)~~]
- 5746 16-1a-804, [~~48-2e-1143(1)(b)~~] 16-1a-904, or [~~48-2e-1153(1)(b)~~]
- 5747 16-1a-1004; or
- 5748 (p) except as otherwise provided in Section [~~48-2e-113~~] 16-19-108 and Subsection [~~48-2e-114(2)~~]
- 5749 16-19-109(2), restrict the rights under this chapter of a person other
- 5750 than a partner.
- 5751 (4) Subject to Subsection (3)(h), without limiting other terms that may be included in a
- 5752 partnership agreement, the following rules apply:
- 5753 (a) The partnership agreement may specify the method by which a specific act or
- 5754 transaction that would otherwise violate the duty of loyalty may be authorized or
- 5755 ratified by one or more disinterested and independent persons after full disclosure of
- 5756 all material facts.
- 5757 (b) If not unconscionable or against public policy, the partnership agreement may:
- 5758 (i) alter or eliminate the aspects of the duty of loyalty stated in Subsection [~~48-2e-409(2)~~]
- 5759 16-19-409(2);
- 5760 (ii) identify specific types or categories of activities that do not violate the duty of
- 5761 loyalty;
- 5762 (iii) alter the duty of care, but may not authorize intentional misconduct or knowing
- 5763 violation of law; and
- 5764 (iv) alter or eliminate any other fiduciary duty.
- 5765 (5) The court shall decide as a matter of law whether a term of a partnership agreement is
- 5766 unconscionable or against public policy under Subsection (3)(g) or (4)(b). The court:
- 5767 (a) shall make [~~its~~] the court's determination as of the time the challenged term became
- 5768 part of the partnership agreement and by considering only circumstances existing at
- 5769 that time; and

5770 (b) may invalidate the term only if, in light of the purposes, activities, and affairs of the
5771 limited partnership, it is readily apparent that:

5772 (i) the objective of the term is unconscionable or against public policy; or

5773 (ii) the means to achieve the term's objective is unconscionable or against public
5774 policy.

5775 Section 176. Section **16-19-108**, which is renumbered from Section 48-2e-113 is renumbered
5776 and amended to read:

5777 **[48-2e-113] 16-19-108 . Partnership agreement -- Effect on limited partnership**
5778 **and person becoming partner -- Preformation agreement.**

5779 (1) A limited partnership is bound by and may enforce the partnership agreement, whether
5780 or not the limited partnership has itself manifested assent to the partnership agreement.

5781 (2) A person that becomes a partner of a limited partnership is deemed to assent to the
5782 partnership agreement.

5783 (3) Two or more persons intending to become the initial partners of a limited partnership
5784 may make an agreement providing that upon the formation of the limited partnership the
5785 agreement will become the limited partnership agreement.

5786 Section 177. Section **16-19-109**, which is renumbered from Section 48-2e-114 is renumbered
5787 and amended to read:

5788 **[48-2e-114] 16-19-109 . Partnership agreement -- Effect on third parties and**
5789 **relationship to records effective on behalf of limited partnership.**

5790 (1)(a) A partnership agreement may specify that ~~[its]~~ an amendment to the partnership
5791 agreement requires the approval of a person that is not a party to the partnership
5792 agreement or the satisfaction of a condition.

5793 (b) ~~[-]~~An amendment is ineffective if ~~[its]~~ the amendment's adoption does not include the
5794 required approval or satisfy the specified condition.

5795 (2)(a) The obligations of a limited partnership and ~~[its]~~ the limited partnership's partners
5796 to a person in the person's capacity as a transferee or person dissociated as a partner
5797 are governed by the partnership agreement.

5798 (b) ~~[-]~~Subject only to a court order issued under Subsection ~~[48-2e-703(2)(b)]~~

5799 16-19-703(2)(b) to effectuate a charging order, an amendment to the partnership
5800 agreement made after a person becomes a transferee or is dissociated as a partner:

5801 ~~[(a)]~~ (i) is effective with regard to any debt, obligation, or other liability of the limited
5802 partnership or ~~[its]~~ the limited partnership's partners to the person in the person's
5803 capacity as a transferee or person dissociated as a partner; and

5804 ~~[(b)]~~ (ii) is not effective to the extent the amendment imposes a new debt, obligation,
5805 or other liability on the transferee or person dissociated as a partner.

5806 (3) If a record delivered by a limited partnership to the division for filing becomes effective
5807 and contains a provision that would be ineffective under Subsection [48-2e-112(3)]
5808 16-19-107(3) or (4)(b) if contained in the partnership agreement, the provision is
5809 ineffective in the record.

5810 (4) Subject to Subsection (3), if a record delivered by a limited partnership to the division
5811 for filing becomes effective and conflicts with a provision of the partnership agreement:
5812 (a) the partnership agreement prevails as to partners, persons dissociated as partners, and
5813 transferees; and
5814 (b) the record prevails as to other persons to the extent they reasonably rely on the
5815 record.

5816 Section 178. Section **16-19-110**, which is renumbered from Section 48-2e-115 is renumbered
5817 and amended to read:

5818 **[48-2e-115] 16-19-110 . Required information.**

5819 A limited partnership shall maintain at [its] the limited partnership's principal office the
5820 following information:

- 5821 (1) a current list showing the full name and last known street and mailing address of each
5822 partner, separately identifying the general partners, in alphabetical order, and the limited
5823 partners, in alphabetical order;
- 5824 (2) a copy of the initial certificate of limited partnership and all amendments to and
5825 restatements of the certificate, together with signed copies of any powers of attorney
5826 under which any certificate, amendment, or restatement has been signed;
- 5827 (3) a copy of any filed statement of merger, interest exchange, conversion, or domestication;
- 5828 (4) a copy of the limited partnership's federal, state, and local income tax returns and
5829 reports, if any, for the three most recent years;
- 5830 (5) a copy of any partnership agreement made in a record and any amendment made in a
5831 record to any partnership agreement;
- 5832 (6) a copy of any financial statement of the limited partnership for the three most recent
5833 years;
- 5834 (7) a copy of the three most recent annual reports delivered by the limited partnership to the
5835 division pursuant to Section [48-2e-212] 16-1a-212;
- 5836 (8) a copy of any record made by the limited partnership during the past three years of any
5837 consent given by or vote taken of any partner [~~pursuant to~~] in accordance with this

5838 chapter or the partnership agreement; and

5839 (9) unless contained in a partnership agreement made in a record, a record stating:

5840 (a) a description and statement of the agreed value of contributions other than money

5841 made and agreed to be made by each partner;

5842 (b) the times at which, or events on the happening of which, any additional contributions

5843 agreed to be made by each partner are to be made;

5844 (c) for any person that is both a general partner and a limited partner, a specification of

5845 what transferable interest the person owns in each capacity; and

5846 (d) any events upon the happening of which the limited partnership is to be dissolved

5847 and [its] the limited partnership's activities and affairs wound up.

5848 Section 179. Section **16-19-111**, which is renumbered from Section 48-2e-116 is renumbered

5849 and amended to read:

5850 **[48-2e-116] 16-19-111 . Dual capacity.**

5851 (1) A person may be both a general partner and a limited partner.

5852 (2) [-]A person that is both a general and limited partner has the rights, powers, duties, and

5853 obligations provided by this chapter and the partnership agreement in each of those

5854 capacities.

5855 (3) [-]When the person acts as a general partner, the person is subject to the obligations,

5856 duties, and restrictions under this chapter and the partnership agreement for general

5857 partners.

5858 (4) [-]When the person acts as a limited partner, the person is subject to the obligations,

5859 duties, and restrictions under this chapter and the partnership agreement for limited

5860 partners.

5861 Section 180. Section **16-19-112**, which is renumbered from Section 48-2e-118 is renumbered

5862 and amended to read:

5863 **[48-2e-118] 16-19-112 . Reservation of power to amend or repeal.**

5864 The Legislature of this state has power to amend or repeal all or part of this chapter at

5865 any time, and all domestic and foreign limited partnerships subject to this chapter are governed

5866 by the amendment or repeal.

5867 Section 181. Section **16-19-113** is enacted to read:

5868 **16-19-113 . Provisions Applicable to All Business Entities applicable.**

5869 Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of

5870 this chapter.

5871 Section 182. Section **16-19-201**, which is renumbered from Section 48-2e-201 is renumbered

5872 and amended to read:

5873 **Part 2. Formation -- Certificate of Limited Partnership and Other Filings**

5874 **~~[48-2e-201]~~ 16-19-201 . Formation of limited partnership -- Certificate of limited**
 5875 **partnership.**

5876 (1) To form a limited partnership, a person must deliver a certificate of limited partnership
 5877 to the division for filing.

5878 (2) The certificate of limited partnership must state:

5879 (a) the name of the limited partnership, which must comply with Section ~~[48-2e-108]~~
 5880 16-1a-302;

5881 (b) the street and mailing address of the limited partnership's principal office;

5882 (c) the information required by ~~[Subsection 16-17-203(1)]~~ Section 16-1a-404;

5883 (d) the name and the street and mailing addresses of each general partner; and

5884 (e) whether the limited partnership is a limited liability limited partnership.

5885 (3) A certificate of limited partnership may contain statements as to matters other than
 5886 those required by Subsection (2), but may not vary or otherwise affect the provisions
 5887 specified in Subsection ~~[48-2e-112(3)]~~ 16-19-107(3) in a manner inconsistent with that
 5888 Subsection (2).

5889 (4) A limited partnership is formed when:

5890 (a) the certificate of limited partnership has become effective;

5891 (b) at least two persons have become partners;

5892 (c) at least one person has become a general partner; and

5893 (d) at least one person has become a limited partner.

5894 Section 183. Section **16-19-202**, which is renumbered from Section 48-2e-202 is renumbered
 5895 and amended to read:

5896 **~~[48-2e-202]~~ 16-19-202 . Amendment of restatement of certificate of limited**
 5897 **partnership.**

5898 (1) A certificate of limited partnership may be amended or restated at any time.

5899 (2) To amend ~~[its]~~ a limited partnership's certificate of limited partnership, a limited
 5900 partnership must deliver to the division for filing an amendment stating:

5901 (a) the name of the limited partnership;

5902 (b) the date of filing of ~~[its]~~ the limited partnership's initial certificate of limited
 5903 partnership; and

5904 (c) the changes the amendment makes to the certificate of limited partnership as most
 5905 recently amended or restated.

5906 (3) To restate [its] a limited partnership's certificate of limited partnership, a limited
 5907 partnership must deliver to the division for filing a restatement designated as such in [its]
 5908 the restatement's heading.

5909 (4) A limited partnership shall promptly deliver to the division for filing an amendment to a
 5910 certificate of limited partnership to reflect:

5911 (a) the admission of a new general partner;

5912 (b) the dissociation of a person as a general partner; or

5913 (c) the appointment of a person to wind up the limited partnership's activities and affairs
 5914 under Subsection [48-2e-802(3)] 16-19-802(3) or (4).

5915 (5) If a general partner knows that any information in a filed certificate of limited
 5916 partnership was inaccurate when the certificate of limited partnership was filed or has
 5917 become inaccurate due to changed circumstances, the general partner shall promptly:

5918 (a) cause the certificate of limited partnership to be amended; or

5919 (b) if appropriate, deliver to the division for filing a statement of change under Section [
 5920 ~~16-17-206~~] 16-1a-407 or a statement of correction under Section [48-2e-208]
 5921 16-1a-206.

5922 Section 184. Section **16-19-301**, which is renumbered from Section 48-2e-301 is renumbered
 5923 and amended to read:

5924

Part 3. Limited Partners

5925 ~~[48-2e-301]~~ **16-19-301** . **Becoming limited partners.**

5926 (1) Upon formation of a limited partnership, a person becomes a limited partner as agreed
 5927 among the persons that are to be the initial partners.

5928 (2) After formation, a person becomes a limited partner:

5929 (a) as provided in the partnership agreement;

5930 (b) as the result of a transaction effective under[~~Part 11, Merger, Interest Exchange,~~
 5931 ~~Conversion, and Domestication~~] :

5932 (i) Chapter 1a, Part 7, Merger;

5933 (ii) Chapter 1a, Part 8, Interest Exchange;

5934 (iii) Chapter 1a, Part 9, Conversion; or

5935 (iv) Chapter 1a, Part 10, Domestication;

5936 (c) with the affirmative vote or consent of all the partners; or

5937 (d) as provided in Subsection [48-2e-801(1)(d)] 16-19-801(1)(d) or (1)(e).

5938 (3) A person may become a partner without:

5939 (a) acquiring a transferable interest; or

5940 (b) making or being obligated to make a contribution to the limited partnership.

5941 Section 185. Section **16-19-302**, which is renumbered from Section 48-2e-302 is renumbered
5942 and amended to read:

5943 **[48-2e-302] 16-19-302 . No agency power of limited partner as limited partner.**

5944 (1) A limited partner is not an agent of a limited partnership solely by reason of being a
5945 limited partner.

5946 (2) A person's status as a limited partner does not prevent or restrict law other than this
5947 chapter from imposing liability on a limited partnership because of the person's conduct.

5948 Section 186. Section **16-19-303**, which is renumbered from Section 48-2e-303 is renumbered
5949 and amended to read:

5950 **[48-2e-303] 16-19-303 . No liability as limited partner for limited partnership**
5951 **obligations.**

5952 (1)(a) A debt, obligation, or other liability of a limited partnership is not the debt,
5953 obligation, or other liability of a limited partner.

5954 (b) [-]A limited partner is not personally liable, directly or indirectly, by way of
5955 contribution or otherwise, for a debt, obligation, or other liability of the limited
5956 partnership solely by reason of being or acting as a limited partner, even if the limited
5957 partner participates in the management and control of the limited partnership.

5958 (2) The failure of a limited partnership to observe formalities relating to the exercise of [its]
5959 the limited partnership's powers or management of [its] the limited partnership's
5960 activities and affairs is not a ground for imposing liability on a limited partner for a debt,
5961 obligation, or other liability of the limited partnership.

5962 Section 187. Section **16-19-304**, which is renumbered from Section 48-2e-304 is renumbered
5963 and amended to read:

5964 **[48-2e-304] 16-19-304 . Rights to information of limited partner and person**
5965 **dissociated as limited partner.**

5966 (1)(a) On 10 days' demand, made in a record received by the limited partnership, a
5967 limited partner may inspect and copy required information during regular business
5968 hours in the limited partnership's principal office.

5969 (b) [-]The limited partner need not have any particular purpose for seeking the
5970 information.

5971 (2) During regular business hours and at a reasonable location specified by the limited
5972 partnership, a limited partner may inspect and copy information regarding the activities,
5973 affairs, financial condition, and other circumstances of the limited partnership as is just

- 5974 and reasonable if:
- 5975 (a) the limited partner seeks the information for a purpose reasonably related to the
- 5976 partner's interest as a limited partner;
- 5977 (b) the limited partner makes a demand in a record received by the limited partnership,
- 5978 describing with reasonable particularity the information sought and the purpose for
- 5979 seeking the information; and
- 5980 (c) the information sought is directly connected to the limited partner's purpose.
- 5981 (3) Not later than 10 days after receiving a demand pursuant to Subsection (2), the limited
- 5982 partnership in a record shall inform the limited partner that made the demand of:
- 5983 (a) the information the limited partnership will provide in response to the demand and
- 5984 when and where the limited partnership will provide the information; and
- 5985 (b) the limited partnership's reasons for declining, if the limited partnership declines to
- 5986 provide any demanded information.
- 5987 (4) Whenever this chapter or a partnership agreement provides for a limited partner to vote
- 5988 on or give or withhold consent to a matter, before the vote is cast or consent is given or
- 5989 withheld, the limited partnership shall, without demand, provide the limited partner with
- 5990 all information that is known to the limited partnership and is material to the limited
- 5991 partner's decision.
- 5992 (5) Subject to Subsection (10), on 10 days' demand made in a record received by a limited
- 5993 partnership, a person dissociated as a limited partner may have access to information to
- 5994 which the person was entitled while a limited partner if:
- 5995 (a) the information pertains to the period during which the person was a limited partner;
- 5996 (b) the person seeks the information in good faith; and
- 5997 (c) the person satisfies the requirements imposed on a limited partner by Subsection (2).
- 5998 (6) The limited partnership shall respond to a demand made pursuant to Subsection (5) in
- 5999 the manner provided in Subsection (3).
- 6000 (7) A limited partnership may charge a person that makes a demand under this section
- 6001 reasonable costs of copying, limited to the costs of labor and material.
- 6002 (8)(a) A limited partner or person dissociated as a limited partner may exercise the rights
- 6003 under this section through an agent or, in the case of an individual under legal
- 6004 disability, a legal representative.
- 6005 (b) [-]Any restriction or condition imposed by the partnership agreement or under
- 6006 Subsection (11) applies both to the agent or legal representative and to the limited
- 6007 partner or person dissociated as a limited partner.

6008 (9) Subject to Subsection (10), the rights under this section do not extend to a person as
6009 transferee.

6010 (10) If a limited partner dies, Section [~~48-2e-704~~] 16-19-704 applies.

6011 (11)(a) In addition to any restriction or condition stated in [its] a limited partnership's
6012 partnership agreement, a limited partnership, as a matter within the ordinary course
6013 of [its] the limited partnership's activities and affairs, may impose reasonable
6014 restrictions and conditions on access to and use of information to be furnished under
6015 this section, including designating information confidential and imposing
6016 nondisclosure and safeguarding obligations on the recipient.

6017 (b) [-]In a dispute concerning the reasonableness of a restriction under this Subsection
6018 (11), the limited partnership has the burden of proving reasonableness.

6019 Section 188. Section **16-19-305**, which is renumbered from Section 48-2e-305 is renumbered
6020 and amended to read:

6021 **[~~48-2e-305~~] 16-19-305 . Limited duties of limited partners.**

6022 (1) A limited partner shall discharge any duties to the limited partnership and the other
6023 partners under the partnership agreement and exercise any rights under this chapter or
6024 the partnership agreement consistently with the contractual obligation of good faith and
6025 fair dealing.

6026 (2) Except as otherwise provided in Subsection (1), a limited partner does not have any
6027 duty to the limited partnership or to any other partner solely by reason of acting as a
6028 limited partner.

6029 (3) If a limited partner enters into a transaction with a limited partnership, the limited
6030 partner's rights and obligations arising from the transaction are the same as those of a
6031 person that is not a partner.

6032 Section 189. Section **16-19-306**, which is renumbered from Section 48-2e-306 is renumbered
6033 and amended to read:

6034 **[~~48-2e-306~~] 16-19-306 . Person erroneously believing self to be limited partner.**

6035 (1) Except as otherwise provided in Subsection (2), a person that makes an investment in a
6036 business enterprise and erroneously but in good faith believes that the person has
6037 become a limited partner in the enterprise is not liable for the enterprise's obligations by
6038 reason of making the investment, receiving distributions from the enterprise, or
6039 exercising any rights of or appropriate to a limited partner, if, on ascertaining the
6040 mistake, the person:

6041 (a) causes an appropriate certificate of limited partnership, amendment, or statement of

- 6042 correction to be signed and delivered to the division for filing; or
- 6043 (b) withdraws from future participation as an owner in the enterprise by signing and
- 6044 delivering to the division for filing a statement of negation under this section.
- 6045 (2) A person that makes an investment described in Subsection (1) is liable to the same
- 6046 extent as a general partner to any third party that enters into a transaction with the
- 6047 enterprise, believing in good faith that the person is a general partner, before the division
- 6048 files a statement of negation, certificate of limited partnership, amendment, or statement
- 6049 of correction to show that the person is not a general partner.
- 6050 (3) If a person makes a diligent effort in good faith to comply with Subsection (1)(a) and is
- 6051 unable to cause the appropriate certificate of limited partnership, amendment, or
- 6052 statement of correction to be signed and delivered to the division for filing, the person
- 6053 has the right to withdraw from the enterprise [~~pursuant to~~] in accordance with Subsection
- 6054 (1)(b) even if the withdrawal would otherwise breach an agreement with others that are
- 6055 or have agreed to become co-owners of the enterprise.

6056 Section 190. Section **16-19-401**, which is renumbered from Section 48-2e-401 is renumbered

6057 and amended to read:

6058 **Part 4. General Partners**

6059 **[48-2e-401] 16-19-401 . Becoming general partner.**

- 6060 (1) A person becomes a general partner:
- 6061 (a) upon formation of a limited partnership, as agreed among the persons that are to be
- 6062 the initial partners; and
- 6063 (b) after formation:
- 6064 (i) as provided in the partnership agreement;
- 6065 (ii) under Subsection [~~48-2e-801(1)(e)(ii)] 16-19-801(1)(c)(ii)~~ following the
- 6066 dissociation of a limited partnership's last general partner;
- 6067 (iii) as the result of a transaction effective under [~~Part 11, Merger, Interest Exchange,~~
- 6068 ~~Conversion, and Domestication]~~ :
- 6069 (A) Chapter 1a, Part 7, Merger;
- 6070 (B) Chapter 1a, Part 8, Interest Exchange;
- 6071 (C) Chapter 1a, Part 9, Conversion; or
- 6072 (D) Chapter 1a, Part 10, Domestication; or
- 6073 (iv) with the affirmative vote or consent of all the partners.
- 6074 (2) A person may become a general partner without:
- 6075 (a) acquiring a transferable interest; or

6076 (b) making or being obligated to make a contribution to the limited partnership.

6077 Section 191. Section **16-19-402**, which is renumbered from Section 48-2e-402 is renumbered
6078 and amended to read:

6079 **[48-2e-402] 16-19-402 . General partner agent of limited partnership.**

6080 (1)(a) Each general partner is an agent of the limited partnership for the purposes of [its]
6081 the limited partnership's activities and affairs.

6082 (b) [-]An act of a general partner, including the signing of a record in the limited
6083 partnership's name, for apparently carrying on in the ordinary course the limited
6084 partnership's activities and affairs or activities and affairs of the kind carried on by
6085 the limited partnership binds the limited partnership, unless the general partner did
6086 not have authority to act for the limited partnership in the particular matter and the
6087 person with which the general partner was dealing knew or had notice that the
6088 general partner lacked authority.

6089 (2) An act of a general partner which is not apparently for carrying on in the ordinary
6090 course the limited partnership's activities and affairs or activities and affairs of the kind
6091 carried on by the limited partnership binds the limited partnership only if the act was
6092 actually authorized by all the other partners.

6093 Section 192. Section **16-19-403**, which is renumbered from Section 48-2e-403 is renumbered
6094 and amended to read:

6095 **[48-2e-403] 16-19-403 . Limited partnership liable for general partner's**
6096 **actionable conduct.**

6097 (1) A limited partnership is liable for loss or injury caused to a person, or for a penalty
6098 incurred, as a result of a wrongful act or omission, or other actionable conduct, of a
6099 general partner acting in the ordinary course of activities and affairs of the limited
6100 partnership or with the actual or apparent authority of the limited partnership.

6101 (2) If, in the course of a limited partnership's activities and affairs or while acting with
6102 actual or apparent authority of the limited partnership, a general partner receives or
6103 causes the limited partnership to receive money or property of a person not a partner,
6104 and the money or property is misapplied by a general partner, the limited partnership is
6105 liable for the loss.

6106 Section 193. Section **16-19-404**, which is renumbered from Section 48-2e-404 is renumbered
6107 and amended to read:

6108 **[48-2e-404] 16-19-404 . General partner's liability.**

6109 (1) Except as otherwise provided in Subsections (2) and (3), all general partners are liable

- 6110 jointly and severally for all debts, obligations, and other liabilities of the limited
 6111 partnership unless otherwise agreed by the claimant or provided by law.
- 6112 (2) A person that becomes a general partner of an existing limited partnership is not
 6113 personally liable for a debt, obligation, or other liability of the limited partnership
 6114 incurred before the person became a general partner.
- 6115 (3)(a) A debt, obligation, or other liability of a limited partnership incurred while the
 6116 limited partnership is a limited liability limited partnership is solely the debt,
 6117 obligation, or other liability of the limited liability limited partnership.
- 6118 (b) [-]A general partner is not personally liable, directly or indirectly, by way of
 6119 contribution or otherwise, for a debt, obligation, or other liability of the limited
 6120 liability limited partnership solely by reason of being or acting as a general partner.
- 6121 (c) [-]This Subsection (3) applies despite anything inconsistent in the partnership
 6122 agreement that existed immediately before the vote or consent required to become a
 6123 limited liability limited partnership under Subsection [~~48-2e-406(2)(b)~~]
 6124 16-19-406(2)(b).
- 6125 (4) The failure of a limited liability limited partnership to observe formalities relating to the
 6126 exercise of [its] the limited liability limited partnership's powers or management of [its]
 6127 the limited liability limited partnership's activities and affairs is not a ground for
 6128 imposing liability on a general partner of the limited liability limited partnership for a
 6129 debt, obligation, or liability of the limited partnership.
- 6130 (5) An amendment of a certificate of limited partnership which deletes a statement that the
 6131 limited partnership is a limited liability limited partnership does not affect the limitation
 6132 in this section on liability of a general partner for a debt, obligation, or other liability of
 6133 the limited partnership incurred before the amendment became effective.

6134 Section 194. Section **16-19-405**, which is renumbered from Section 48-2e-405 is renumbered
 6135 and amended to read:

6136 **[~~48-2e-405~~ 16-19-405 . Actions by and against partnership and partners.**

- 6137 (1) To the extent not inconsistent with Section [~~48-2e-404~~] 16-19-404, a general partner
 6138 may be joined in an action against the limited partnership or named in a separate action.
- 6139 (2)(a) A judgment against a limited partnership is not by itself a judgment against a
 6140 general partner.
- 6141 (b) [-]A judgment against a limited partnership may not be satisfied from a general
 6142 partner's assets unless there is also a judgment against the general partner.
- 6143 (3) A judgment creditor of a general partner may not levy execution against the assets of

6144 the general partner to satisfy a judgment based on a claim against the limited
6145 partnership, unless the general partner is personally liable for the claim under Section [
6146 ~~48-2e-404~~] 16-19-404, and:

- 6147 (a) a judgment based on the same claim has been obtained against the limited
6148 partnership and a writ of execution on the judgment has been returned unsatisfied in
6149 whole or in part;
- 6150 (b) the limited partnership is a debtor in bankruptcy;
- 6151 (c) the general partner has agreed that the creditor need not exhaust limited partnership
6152 assets;
- 6153 (d) a court grants permission to the judgment creditor to levy execution against the
6154 assets of a general partner based on a finding that the limited partnership assets
6155 subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of
6156 assets is excessively burdensome, or that the grant of permission is an appropriate
6157 exercise of the court's equitable powers; or
- 6158 (e) liability is imposed on the general partner by law or contract independent of the
6159 existence of the limited partnership.

6160 Section 195. Section **16-19-406**, which is renumbered from Section 48-2e-406 is renumbered
6161 and amended to read:

6162 **~~[48-2e-406]~~ 16-19-406 . Management rights of general partner.**

- 6163 (1)(a) Each general partner has equal rights in the management and conduct of the
6164 limited partnership's activities and affairs.
- 6165 (b) [-]Except as otherwise provided in this chapter, any matter relating to the activities
6166 and affairs of the limited partnership is decided exclusively by the general partner or,
6167 if there is more than one general partner, by a majority of the general partners.
- 6168 (2) The affirmative vote or consent of all partners is required to:
- 6169 (a) amend the partnership agreement;
- 6170 (b) amend the certificate of limited partnership to add or delete a statement that the
6171 limited partnership is a limited liability limited partnership;
- 6172 (c) sell, lease, exchange, or otherwise dispose of all, or substantially all, of the limited
6173 partnership's property, with or without the good will, other than in the usual and
6174 regular course of the limited partnership's activities and affairs; and
- 6175 (d) approve a transaction under~~[Part 11, Merger, Interest Exchange, Conversion, and~~
6176 ~~Domestication]~~ :
- 6177 (i) Chapter 1a, Part 7, Merger;

6178 (ii) Chapter 1a, Part 8, Interest Exchange;

6179 (iii) Chapter 1a, Part 9, Conversion; or

6180 (iv) Chapter 1a, Part 10, Domestication.

6181 (3) A limited partnership shall reimburse a general partner for an advance to the limited
6182 partnership beyond the amount of capital the general partner agreed to contribute.

6183 (4) A payment or advance made by a general partner which gives rise to an obligation of
6184 the limited partnership under Subsection (3) or Subsection [~~48-2e-408(1)~~] 16-19-408(1)
6185 constitutes a loan to the limited partnership which accrues interest from the date of the
6186 payment or advance.

6187 (5) A general partner is not entitled to remuneration for services performed for the limited
6188 partnership.

6189 Section 196. Section **16-19-407**, which is renumbered from Section 48-2e-407 is renumbered
6190 and amended to read:

6191 ~~[48-2e-407]~~ **16-19-407 . Rights to information of general partner and person**
6192 **dissociated as general partner.**

6193 (1) A general partner may inspect and copy required information during regular business
6194 hours in the limited partnership's principal office, without having any particular purpose
6195 for seeking the information.

6196 (2) On reasonable notice, a general partner may inspect and copy during regular business
6197 hours, at a reasonable location specified by the limited partnership, any record
6198 maintained by the limited partnership regarding the limited partnership's activities,
6199 affairs, financial condition, and other circumstances, to the extent the information is
6200 material to the general partner's rights and duties under the partnership agreement or this
6201 chapter.

6202 (3) A limited partnership shall furnish to each general partner:

6203 (a) without demand, any information concerning the limited partnership's activities,
6204 affairs, financial condition, and other circumstances which the limited partnership
6205 knows and are material to the proper exercise of the general partner's rights and
6206 duties under the partnership agreement or this chapter, except to the extent the
6207 limited partnership can establish that it reasonably believes the general partner
6208 already knows the information; and

6209 (b) on demand, any other information concerning the limited partnership's activities,
6210 affairs, financial condition, and other circumstances, except to the extent the demand
6211 or the information demanded is unreasonable or otherwise improper under the

- 6212 circumstances.
- 6213 (4) The duty to furnish information under Subsection (2) also applies to each general
6214 partner to the extent the general partner knows any of the information described in
6215 Subsection (2).
- 6216 (5) Subject to Subsection (8), on 10 days' demand made in a record received by the limited
6217 partnership, a person dissociated as a general partner may have access to the information
6218 and records described in Subsections (1) and (2) at the locations specified in those
6219 subsections if:
- 6220 (a) the information or record pertains to the period during which the person was a
6221 general partner;
- 6222 (b) the person seeks the information or record in good faith; and
- 6223 (c) the person satisfies the requirements imposed on a limited partner by Subsection [
6224 ~~48-2e-304(2)~~] 16-19-304(2).
- 6225 (6) The limited partnership shall respond to a demand made [~~pursuant to~~] in accordance with
6226 Subsection (3) in the manner provided in Subsection [~~48-2e-304(3)~~] 16-19-304(3).
- 6227 (7) A limited partnership may charge a person that makes a demand under this section the
6228 reasonable costs of copying, limited to the costs of labor and material.
- 6229 (8)(a) A general partner or person dissociated as a general partner may exercise rights
6230 under this section through an agent or, in the case of an individual under legal
6231 disability, a legal representative.
- 6232 (b) [~~-~~]Any restriction or condition imposed by the partnership agreement or under
6233 Subsection (9) applies both to the agent or legal representative and the general
6234 partner or person dissociated as a general partner.
- 6235 (9) The rights under this section do not extend to a person as transferee, but if:
- 6236 (a) a general partner dies, Section [~~48-2e-704~~] 16-19-704 applies; and
- 6237 (b) an individual dissociates as a general partner under Subsection [~~48-2e-603(7)(b)~~]
6238 16-19-603(7)(b) or (7)(c), the legal representative of the individual may exercise the
6239 rights under Subsection (4) of a person dissociated as a general partner.
- 6240 (10)(a) In addition to any restriction or condition stated in the partnership agreement, a
6241 limited partnership, as a matter within the ordinary course of [its] the limited
6242 partnership's activities and affairs, may impose reasonable restrictions and conditions
6243 on access to and use of information to be furnished under this section, including
6244 designating information confidential and imposing nondisclosure and safeguarding
6245 obligations on the recipient.

6246 (b) [-]In a dispute concerning the reasonableness of a restriction under this Subsection
 6247 (10), the limited partnership has the burden of proving reasonableness.

6248 Section 197. Section **16-19-408**, which is renumbered from Section 48-2e-408 is renumbered
 6249 and amended to read:

6250 **[48-2e-408] 16-19-408 . Reimbursement, indemnification, advancement, and**
 6251 **insurance.**

6252 (1) A limited partnership shall reimburse a general partner for any payment made by the
 6253 general partner in the course of the general partner's activities on behalf of the limited
 6254 partnership, if the general partner complied with Sections [48-2e-406] 16-19-406, [
 6255 48-2e-409] 16-19-409, and [48-2e-504] 16-19-504 in making the payment.

6256 (2) A limited partnership shall indemnify and hold harmless a person with respect to any
 6257 claim or demand against the person and any debt, obligation, or other liability incurred
 6258 by the person by reason of the person's former or present capacity as a general partner, if
 6259 the claim, demand, debt, obligation, or other liability does not arise from the person's
 6260 breach of Section [48-2e-406] 16-19-406, [48-2e-409] 16-19-409, or [48-2e-504]
 6261 16-19-504.

6262 (3) In the ordinary course of [its] a limited partnership's activities and affairs, a limited
 6263 partnership may advance reasonable expenses, including attorney's fees and costs,
 6264 incurred by a person in connection with a claim or demand against the person by reason
 6265 of the person's former or present capacity as a general partner, if the person promises to
 6266 repay the limited partnership if the person ultimately is determined not to be entitled to
 6267 be indemnified under Subsection (2).

6268 (4) A limited partnership may purchase and maintain insurance on behalf of a general
 6269 partner against liability asserted against or incurred by the general partner in that
 6270 capacity or arising from that status even if, under Subsection [48-2e-112(3)(h)]
 6271 16-19-107(3)(h), the partnership agreement could not eliminate or limit the person's
 6272 liability to the limited partnership for the conduct giving rise to the liability.

6273 Section 198. Section **16-19-409**, which is renumbered from Section 48-2e-409 is renumbered
 6274 and amended to read:

6275 **[48-2e-409] 16-19-409 . Standards of conduct for general partners.**

6276 (1) A general partner owes to the limited partnership and, subject to Subsection [
 6277 48-2e-1001(1)] 16-19-901(1), the other partners the duties of loyalty and care stated in
 6278 Subsections (2) and (3).

6279 (2) The duty of loyalty of a general partner includes the duties:

- 6280 (a) to account to the limited partnership and hold as trustee for [it] the limited partnership
 6281 any property, profit, or benefit derived by the general partner:
 6282 (i) in the conduct or winding up of the limited partnership's activities and affairs;
 6283 (ii) from a use by the general partner of the limited partnership's property; or
 6284 (iii) from the appropriation of a limited partnership opportunity;
- 6285 (b) to refrain from dealing with the limited partnership in the conduct or winding up of
 6286 the limited partnership's activities and affairs as or on behalf of a person having an
 6287 interest adverse to the limited partnership; and
- 6288 (c) to refrain from competing with the limited partnership in the conduct or winding up
 6289 of the limited partnership's activities and affairs.
- 6290 (3) The duty of care of a general partner in the conduct or winding up of the limited
 6291 partnership's activities and affairs is to refrain from engaging in grossly negligent or
 6292 reckless conduct, intentional misconduct, or a knowing violation of law.
- 6293 (4) A general partner shall discharge the duties and obligations under this chapter or under
 6294 the partnership agreement and exercise any rights consistently with the contractual
 6295 obligation of good faith and fair dealing.
- 6296 (5) A general partner does not violate a duty or obligation under this chapter or under the
 6297 partnership agreement solely because the general partner's conduct furthers the general
 6298 partner's own interest.
- 6299 (6) All the partners of a limited partnership may authorize or ratify, after full disclosure of
 6300 all material facts, a specific act or transaction by a general partner that otherwise would
 6301 violate the duty of loyalty.
- 6302 (7) It is a defense to a claim under Subsection (2)(b) and any comparable claim in equity or
 6303 at common law that the transaction was fair to the limited partnership.
- 6304 (8) If, as permitted by Subsection (6) or the partnership agreement, a general partner enters
 6305 into a transaction with the limited partnership which otherwise would be prohibited by
 6306 Subsection (2)(b), the general partner's rights and obligations arising from the
 6307 transaction are the same as those of a person that is not a general partner.

6308 Section 199. Section **16-19-501**, which is renumbered from Section 48-2e-501 is renumbered
 6309 and amended to read:

6310 **Part 5. Contributions and Distributions**

6311 **~~[48-2e-501]~~ 16-19-501 . Form of contribution.**

6312 A contribution may consist of property transferred to, services performed for, or another
 6313 benefit provided to the limited partnership or an agreement to transfer property to, perform

6314 services for, or provide another benefit to the limited partnership.

6315 Section 200. Section **16-19-502**, which is renumbered from Section 48-2e-502 is renumbered
6316 and amended to read:

6317 **[48-2e-502] 16-19-502 . Liability for contribution.**

6318 (1) A person's obligation to make a contribution to a limited partnership is not excused by
6319 the person's death, disability, dissolution, or other inability to perform personally.

6320 (2) If a person does not fulfill an obligation to make a contribution other than money, the
6321 person is obligated at the option of the limited partnership to contribute money equal to
6322 the value, as stated in the required information, of the part of the contribution which has
6323 not been made.

6324 (3)(a) The obligation of a person to make a contribution may be compromised only by
6325 the affirmative vote or consent of all partners.

6326 (b) [-]If a creditor of a limited partnership extends credit or otherwise acts in reliance on
6327 an obligation described in Subsection (1) without notice of any compromise under
6328 this subsection, the creditor may enforce the original obligation.

6329 Section 201. Section **16-19-503**, which is renumbered from Section 48-2e-503 is renumbered
6330 and amended to read:

6331 **[48-2e-503] 16-19-503 . Sharing of and right to distributions before dissolution.**

6332 (1) Except to the extent necessary to comply with a transfer effective under Section [
6333 48-2e-702] 16-19-702 or charging order in effect under Section [48-2e-703] 16-19-703,
6334 any distributions made by a limited partnership before [its] the limited partnership's
6335 dissolution and winding up must be in equal shares among partners and persons
6336 dissociated as partners.

6337 (2) A person has a right to a distribution before the dissolution and winding up of a limited
6338 partnership only if the limited partnership decides to make an interim distribution. A
6339 person's dissociation does not entitle the person to a distribution.

6340 (3)(a) A person does not have a right to demand or receive a distribution from a limited
6341 partnership in any form other than money.

6342 (b) [-]Except as otherwise provided in Subsection [48-2e-813(5)] 16-19-811(5), a
6343 partnership may distribute an asset in kind only if each part of the asset is fungible
6344 with each other part and each person receives a percentage of the asset equal in value
6345 to the person's share of distributions.

6346 (4)(a) If a partner or transferee becomes entitled to receive a distribution, the partner or
6347 transferee has the status of, and is entitled to all remedies available to, a creditor of

6348 the limited partnership with respect to the distribution.

6349 (b) [-]However, the limited partnership's obligation to make a distribution is subject to
6350 offset for any amount owed to the limited partnership by the partner or a person
6351 dissociated as a partner on whose account the distribution is made.

6352 Section 202. Section **16-19-504**, which is renumbered from Section 48-2e-504 is renumbered
6353 and amended to read:

6354 **[48-2e-504] 16-19-504 . Limitations on distributions.**

6355 (1) A limited partnership may not make a distribution, including a distribution under
6356 Section ~~[48-2e-813]~~ 16-19-811, if after the distribution:

6357 (a) the limited partnership would not be able to pay ~~[its]~~ the limited partnership's debts as [
6358 ~~they]~~ the debts become due in the ordinary course of the limited partnership's
6359 activities and affairs; or

6360 (b) the limited partnership's total assets would be less than the sum of ~~[its]~~ the limited
6361 partnership's total liabilities plus, unless the partnership agreement permits otherwise,
6362 the amount that would be needed, if the limited partnership were to be dissolved and
6363 wound up at the time of the distribution, to satisfy the preferential rights upon
6364 dissolution and winding up of partners and transferees whose preferential rights are
6365 superior to those of persons receiving the distribution.

6366 (2) A limited partnership may base a determination that a distribution is not prohibited
6367 under Subsection (1) on:

6368 (a) financial statements prepared on the basis of accounting practices and principles that
6369 are reasonable in the circumstances; or

6370 (b) a fair valuation or other method that is reasonable under the circumstances.

6371 (3) Except as otherwise provided in Subsection (5), the effect of a distribution under
6372 Subsection (1) is measured:

6373 (a) in the case of distribution as defined in Subsection ~~[48-2e-102(4)(a)]~~ 16-19-101(4)(a),
6374 as of the earlier of:

6375 (i) the date money or other property is transferred or debt is incurred by the limited
6376 partnership; or

6377 (ii) the date the person entitled to the distribution ceases to own the interest or right
6378 being acquired by the limited partnership in return for the distribution;

6379 (b) in the case of any other distribution of indebtedness, as of the date the indebtedness
6380 is distributed; and

6381 (c) in all other cases, as of the date:

- 6382 (i) the distribution is authorized, if the payment occurs not later than 120 days after
 6383 that date; or
 6384 (ii) the payment is made, if payment occurs more than 120 days after the distribution
 6385 is authorized.

6386 (4) A limited partnership's indebtedness to a partner or transferee incurred by reason of a
 6387 distribution made in accordance with this section is at parity with the limited
 6388 partnership's indebtedness to [its] the limited partnership's general, unsecured creditors,
 6389 except to the extent subordinated by agreement.

6390 (5)(a) A limited partnership's indebtedness, including indebtedness issued as a
 6391 distribution, is not considered a liability for purposes of Subsection (1) if the terms of
 6392 the indebtedness provide that payment of principal and interest is made only if and to
 6393 the extent that payment of a distribution could then be made under this section.

6394 (b) [-]If the indebtedness is issued as a distribution, each payment of principal or
 6395 interest is treated as a distribution, the effect of which is measured on the date the
 6396 payment is made.

6397 (6) In measuring the effect of a distribution under Section [~~48-2e-813~~] 16-19-811, the
 6398 liabilities of a dissolved limited partnership do not include any claim that has been
 6399 disposed of under Section [~~48-2e-806~~] 16-19-806, [~~48-2e-807~~] 16-19-807, or [~~48-2e-808~~]
 6400 16-19-808.

6401 Section 203. Section **16-19-505**, which is renumbered from Section 48-2e-505 is renumbered
 6402 and amended to read:

6403 **[~~48-2e-505~~] 16-19-505 . Liability for improper distributions.**

- 6404 (1) If a general partner consents to a distribution made in violation of Section [~~48-2e-504~~]
 6405 16-19-504 and in consenting to the distribution fails to comply with Section [~~48-2e-409~~]
 6406 16-19-409, the general partner is personally liable to the limited partnership for the
 6407 amount of the distribution which exceeds the amount that could have been distributed
 6408 without the violation of Section [~~48-2e-504~~] 16-19-504.
- 6409 (2) A person that receives a distribution knowing that the distribution violated Section [~~48-2e-504~~]
 6410 16-19-504 is personally liable to the limited partnership but only to the extent
 6411 that the distribution received by the person exceeded the amount that could have been
 6412 properly paid under Section [~~48-2e-504~~] 16-19-504.
- 6413 (3) A general partner against which an action is commenced because the general partner is
 6414 liable under Subsection (1) may:
 6415 (a) implead any other person that is liable under Subsection (1) and seek to enforce a

- 6416 right of contribution from the person; and
 6417 (b) implead any person that received a distribution in violation of Subsection (2) and
 6418 seek to enforce a right of contribution from the person in the amount the person
 6419 received in violation of Subsection (2).
 6420 (4) An action under this section is barred unless commenced not later than two years after
 6421 the distribution.

6422 Section 204. Section **16-19-601**, which is renumbered from Section 48-2e-601 is renumbered
 6423 and amended to read:

6424 **Part 6. Dissociation**

6425 **~~[48-2e-601]~~ 16-19-601 . Dissociation as limited partner.**

- 6426 (1) A person does not have a right to dissociate as a limited partner before the completion
 6427 of the winding up of the limited partnership.
 6428 (2) A person is dissociated as a limited partner when:
 6429 (a) the limited partnership has notice of the person's express will to withdraw as a
 6430 limited partner, but, if the person specified a withdrawal date later than the date the
 6431 limited partnership had notice, on that later date;
 6432 (b) an event stated in the partnership agreement as causing the person's dissociation as a
 6433 limited partner occurs;
 6434 (c) the person is expelled as a limited partner pursuant to the partnership agreement;
 6435 (d) the person is expelled as a limited partner by the unanimous vote or consent of the
 6436 other partners if:
 6437 (i) it is unlawful to carry on the limited partnership's activities and affairs with the
 6438 person as a limited partner;
 6439 (ii) there has been a transfer of all of the person's transferable interest in the limited
 6440 partnership, other than:
 6441 (A) a transfer for security purposes; or
 6442 (B) a charging order in effect under Section ~~[48-2e-703]~~ 16-19-703 which has not
 6443 been foreclosed;
 6444 (iii) the person is a corporation and:
 6445 (A) the limited partnership notifies the person that ~~[it]~~ the person will be expelled
 6446 as a limited partner because the person has filed a statement of dissolution or
 6447 the equivalent, ~~[its]~~ the person's charter has been revoked, or ~~[its]~~ the person's
 6448 right to conduct business has been suspended by the jurisdiction of ~~[its]~~ the
 6449 person's incorporation; and

- 6450 (B) not later than 90 days after the notification the statement of dissolution or the
6451 equivalent has not been revoked or [its] the person's charter or right to conduct
6452 business has not been reinstated; or
- 6453 (iv) the person is an unincorporated entity that has been dissolved and whose
6454 business is being wound up;
- 6455 (e) on application by the limited partnership, the person is expelled as a limited partner
6456 by judicial order because the person:
- 6457 (i) has engaged or is engaging in wrongful conduct that has affected adversely and
6458 materially, or will affect adversely and materially, the limited partnership's
6459 activities and affairs;
- 6460 (ii) has committed willfully or persistently, or is committing willfully or persistently,
6461 a material breach of the partnership agreement or the contractual obligation of
6462 good faith and fair dealing under Subsection [~~48-2e-305(1)~~] 16-19-305(1); or
- 6463 (iii) has engaged or is engaging in conduct relating to the limited partnership's
6464 activities and affairs which makes it not reasonably practicable to carry on the
6465 activities and affairs with the person as a limited partner;
- 6466 (f) in the case of a person who is an individual, the individual dies;
- 6467 (g) in the case of a person that is a testamentary or inter vivos trust or is acting as a
6468 limited partner by virtue of being a trustee of such a trust, the trust's entire
6469 transferable interest in the limited partnership is distributed;
- 6470 (h) in the case of a person that is an estate or is acting as a limited partner by virtue of
6471 being a personal representative of an estate, the estate's entire transferable interest in
6472 the limited partnership is distributed;
- 6473 (i) in the case of a person that is not an individual, corporation, unincorporated entity,
6474 trust, or estate, the existence of the person terminates;
- 6475 (j) the limited partnership participates in a merger under [~~Part 11, Merger, Interest~~
6476 ~~Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, and:
- 6477 (i) the limited partnership is not the surviving entity; or
- 6478 (ii) otherwise as a result of the merger, the person ceases to be a limited partner;
- 6479 (k) the limited partnership participates in an interest exchange under [~~Part 11, Merger,~~
6480 ~~Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 8, Interest
6481 Exchange, and as a result of the interest exchange, the person ceases to be a limited
6482 partner;
- 6483 (l) the limited partnership participates in a conversion under [~~Part 11, Merger, Interest~~

- 6484 ~~Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 9, Conversion;
 6485 (m) the limited partnership participates in a domestication under [~~Part 11, Merger,~~
 6486 ~~Interest Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 10,
 6487 Domestication, and as a result of the domestication, the person ceases to be a limited
 6488 partner; or
 6489 (n) the limited partnership dissolves and completes winding up.

6490 Section 205. Section **16-19-602**, which is renumbered from Section 48-2e-602 is renumbered
 6491 and amended to read:

6492 **[48-2e-602] 16-19-602 . Effect of dissociation as limited partner.**

- 6493 (1) If a person is dissociated as a limited partner:
 6494 (a) subject to Section [~~48-2e-704]~~ 16-19-704, the person does not have further rights as a
 6495 limited partner;
 6496 (b) the person's contractual obligation of good faith and fair dealing as a limited partner
 6497 under Subsection [~~48-2e-305(1)]~~ 16-19-305(1) ends with regard to matters arising and
 6498 events occurring after the person's dissociation; and
 6499 (c) subject to Section [~~48-2e-704]~~ 16-19-704 and [~~Part 11, Merger, Interest Exchange,~~
 6500 ~~Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger, Chapter 1a, Part 8,
 6501 Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10,
 6502 Domestication, any transferable interest owned by the person in the person's capacity
 6503 as a limited partner immediately before dissociation is owned by the person solely as
 6504 a transferee.
 6505 (2) A person's dissociation as a limited partner does not of itself discharge the person from
 6506 any debt, obligation, or other liability to the limited partnership or the other partners
 6507 which the person incurred while a limited partner.

6508 Section 206. Section **16-19-603**, which is renumbered from Section 48-2e-603 is renumbered
 6509 and amended to read:

6510 **[48-2e-603] 16-19-603 . Dissociation as general partner.**

6511 A person is dissociated as a general partner when:

- 6512 (1) the limited partnership has notice of the person's express will to withdraw as a general
 6513 partner, but, if the person specifies a withdrawal date later than the date the limited
 6514 partnership had notice, on that later date;
 6515 (2) an event stated in the partnership agreement as causing the person's dissociation as a
 6516 general partner occurs;
 6517 (3) the person is expelled as a general partner pursuant to the partnership agreement;

- 6518 (4) the person is expelled as a general partner by the unanimous vote or consent of the other
6519 partners if:
- 6520 (a) it is unlawful to carry on the limited partnership's activities and affairs with the
6521 person as a general partner;
- 6522 (b) there has been a transfer of all of the person's transferable interest in the limited
6523 partnership, other than:
- 6524 (i) a transfer for security purposes; or
6525 (ii) a charging order in effect under Section [~~48-2e-703~~] 16-19-703 which has not
6526 been foreclosed;
- 6527 (c) the person is a corporation, and:
- 6528 (i) the limited partnership notifies the person that [~~it~~] the person will be expelled as a
6529 general partner because the person has filed a statement of dissolution or the
6530 equivalent, [~~its~~] the person's charter has been revoked, or [~~its~~] the person's right to
6531 conduct business has been suspended by the jurisdiction of [~~its~~] the person's
6532 incorporation; and
- 6533 (ii) not later than 90 days after the notification of the statement of dissolution or the
6534 equivalent has not been revoked or [~~its~~] the person's charter or right to conduct
6535 business has not been reinstated; or
- 6536 (d) the person is an unincorporated entity that has been dissolved and whose business is
6537 being wound up;
- 6538 (5) on application by the limited partnership or a partner in a direct action under Section [
6539 ~~48-2e-1001~~] 16-19-901, the person is expelled as a general partner by judicial order
6540 because the person:
- 6541 (a) has engaged or is engaging in wrongful conduct that has affected adversely and
6542 materially, or will affect adversely and materially, the limited partnership's activities
6543 and affairs;
- 6544 (b) has committed willfully or persistently, or is committing willfully or persistently, a
6545 material breach of the partnership agreement or a duty or obligation under Section [
6546 ~~48-2e-409~~] 16-19-409; or
- 6547 (c) has engaged or is engaging in conduct relating to the limited partnership's activities
6548 and affairs which makes it not reasonably practicable to carry on the activities or
6549 affairs of the limited partnership with the person as a general partner;
- 6550 (6) in the case of a person who is an individual:
- 6551 (a) the individual dies;

- 6552 (b) a guardian or general conservator for the individual is appointed; or
6553 (c) a court orders that the individual has otherwise become incapable of performing the
6554 individual's duties as a general partner under this chapter or the partnership
6555 agreement;
- 6556 (7) the person:
6557 (a) becomes a debtor in bankruptcy;
6558 (b) executes an assignment for the benefit of creditors; or
6559 (c) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or
6560 liquidator of the person or of all or substantially all of the person's property;
- 6561 (8) in the case of a person that is a testamentary or inter vivos trust or is acting as a general
6562 partner by virtue of being a trustee of such a trust, the trust's entire transferable interest
6563 in the limited partnership is distributed;
- 6564 (9) in the case of a person that is an estate or is acting as a general partner by virtue of being
6565 a personal representative of an estate, the estate's entire transferable interest in the
6566 limited partnership is distributed;
- 6567 (10) in the case of a person that is not an individual, corporation, unincorporated entity,
6568 trust, or estate, the existence of the person terminates;
- 6569 (11) the limited partnership participates in a merger under [~~Part 11, Merger, Interest~~
6570 ~~Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, and:
6571 (a) the limited partnership is not the surviving entity; or
6572 (b) otherwise as a result of the merger, the person ceases to be a general partner;
- 6573 (12) the limited partnership participates in an interest exchange under [~~Part 11, Merger,~~
6574 ~~Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 8, Interest Exchange,
6575 and, as a result of the interest exchange, the person ceases to be a general partner;
- 6576 (13) the limited partnership participates in a conversion under [~~Part 11, Merger, Interest~~
6577 ~~Exchange, Conversion, and Domestication~~] Chapter 1a, Part 9, Conversion;
- 6578 (14) the limited partnership participates in a domestication under [~~Part 11, Merger, Interest~~
6579 ~~Exchange, Conversion, and Domestication~~] Chapter 1a, Part 10, Domestication, and, as a
6580 result of the domestication, the person ceases to be a general partner; or
- 6581 (15) the limited partnership dissolves and completes winding up.

6582 Section 207. Section **16-19-604**, which is renumbered from Section 48-2e-604 is renumbered
6583 and amended to read:

6584 **[~~48-2e-604~~ 16-19-604 . Power to dissociate as general partner -- Wrongful**
6585 **dissociation.**

- 6586 (1) A person has the power to dissociate as a general partner at any time, rightfully or
 6587 wrongfully, by withdrawing as a general partner by express will under Subsection [
 6588 ~~48-2e-603(1)~~] 16-19-603(1).
- 6589 (2) A person's dissociation as a general partner is wrongful only if the dissociation:
 6590 (a) is in breach of an express provision of the partnership agreement; or
 6591 (b) occurs before the completion of the winding up of the limited partnership, and:
 6592 (i) the person withdraws as a general partner by express will;
 6593 (ii) the person is expelled as a general partner by judicial order under Subsection [
 6594 ~~48-2e-603(5)~~] 16-19-603(5);
 6595 (iii) the person is dissociated as a general partner under Subsection [~~48-2e-603(7)~~]
 6596 16-19-603(7); or
 6597 (iv) in the case of a person that is not a trust other than a business trust, an estate, or
 6598 an individual, the person is expelled or otherwise dissociated as a general partner
 6599 because it willfully dissolved or terminated.

6600 (3)(a) A person that wrongfully dissociates as a general partner is liable to the limited
 6601 partnership and, subject to Section [~~48-2e-1001~~] 16-19-901, to the other partners for
 6602 damages caused by the dissociation.

6603 (b) [-]The liability is in addition to any debt, obligation, or other liability of the general
 6604 partner to the limited partnership or the other partners.

6605 Section 208. Section **16-19-605**, which is renumbered from Section 48-2e-605 is renumbered
 6606 and amended to read:

6607 **[~~48-2e-605~~] 16-19-605 . Effect of dissociation as general partner.**

- 6608 (1) If a person is dissociated as a general partner:
 6609 (a) the person's right to participate as a general partner in the management and conduct
 6610 of the limited partnership's activities and affairs terminates;
 6611 (b) the person's duties and obligations as a general partner under Section [~~48-2e-409~~]
 6612 16-19-409 end with regard to matters arising and events occurring after the person's
 6613 dissociation;
 6614 (c) the person may sign and deliver to the division for filing a statement of dissociation
 6615 pertaining to the person and, at the request of the limited partnership, shall sign an
 6616 amendment to the certificate of limited partnership which states that the person has
 6617 dissociated as a general partner; and
 6618 (d) subject to Section [~~48-2e-704~~] 16-19-704 and [~~Part 11, Merger, Interest Exchange,~~
 6619 ~~Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8,

6620 Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10,
 6621 Domestication, any transferable interest owned by the person immediately before
 6622 dissociation in the person's capacity as a general partner is owned by the person
 6623 solely as a transferee.

6624 (2) A person's dissociation as a general partner does not of itself discharge the person from
 6625 any debt, obligation, or other liability to the limited partnership or the other partners
 6626 which the person incurred while a general partner.

6627 Section 209. Section **16-19-606**, which is renumbered from Section 48-2e-606 is renumbered
 6628 and amended to read:

6629 **~~[48-2e-606]~~ 16-19-606 . Power to bind and liability of person dissociated as**
 6630 **general partner.**

6631 (1) After a person is dissociated as a general partner and before the limited partnership is
 6632 merged out of existence, converted, or domesticated under [~~Part 11, Merger, Interest~~
 6633 ~~Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger, Chapter 1a, Part
 6634 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10,
 6635 Domestication, or dissolved, the limited partnership is bound by an act of the person
 6636 only if:

6637 (a) the act would have bound the limited partnership under Section [~~48-2e-402]~~
 6638 16-19-402 before the dissociation; and

6639 (b) at the time the other party enters into the transaction:

6640 (i) less than two years has passed since the dissociation; and

6641 (ii) the other party does not know or have notice of the dissociation and reasonably
 6642 believes that the person is a general partner.

6643 (2) If a limited partnership is bound under Subsection (1), the person dissociated as a
 6644 general partner which caused the limited partnership to be bound is liable:

6645 (a) to the limited partnership for any damage caused to the limited partnership arising
 6646 from the obligation incurred under Subsection (1); and

6647 (b) if a general partner or another person dissociated as a general partner is liable for the
 6648 obligation, to the general partner or other person for any damage caused to the
 6649 general partner or other person arising from the liability.

6650 Section 210. Section **16-19-607**, which is renumbered from Section 48-2e-607 is renumbered
 6651 and amended to read:

6652 **~~[48-2e-607]~~ 16-19-607 . Liability to other persons of person dissociated as general**
 6653 **partner.**

- 6654 (1)(a) A person's dissociation as a general partner does not of itself discharge the
6655 person's liability as a general partner for a debt, obligation, or other liability of the
6656 limited partnership incurred before dissociation.
- 6657 (b) [-]Except as otherwise provided in Subsections (2) and (3), the person is not liable
6658 for a limited partnership obligation incurred after dissociation.
- 6659 (2) A person whose dissociation as a general partner resulted in a dissolution and winding
6660 up of the limited partnership's activities and affairs is liable to the same extent as a
6661 general partner under Section [~~48-2e-404~~] 16-19-404 on an obligation incurred by the
6662 limited partnership under Section [~~48-2e-804~~] 16-19-804.
- 6663 (3) A person that has dissociated as a general partner but whose dissociation did not result
6664 in a dissolution and winding up of the limited partnership's activities and affairs is liable
6665 on a transaction entered into by the limited partnership after the dissociation only if:
6666 (a) a general partner would be liable on the transaction; and
6667 (b) at the time the other party enters into the transaction:
6668 (i) less than two years has passed since the dissociation; and
6669 (ii) the other party does not have knowledge or notice of the dissociation and
6670 reasonably believes that the person is a general partner.
- 6671 (4) By agreement with a creditor of a limited partnership and the limited partnership, a
6672 person dissociated as a general partner may be released from liability for an obligation
6673 of the limited partnership.
- 6674 (5) A person dissociated as a general partner is released from liability for an obligation of
6675 the limited partnership if the limited partnership's creditor, with knowledge or notice of
6676 the person's dissociation as a general partner but without the person's consent, agrees to
6677 a material alteration in the nature or time of payment of the obligation.
- 6678 Section 211. Section **16-19-701**, which is renumbered from Section 48-2e-701 is renumbered
6679 and amended to read:

Part 7. Transferable Interest and Rights

~~[48-2e-701]~~ 16-19-701 . Nature of transferable interest.

- 6681
6682
6683 (1) The only interest of a partner which is transferable is the partner's transferable interest.
6684 (2) [-]A transferable interest is personal property.

6685 Section 212. Section **16-19-702**, which is renumbered from Section 48-2e-702 is renumbered
6686 and amended to read:

~~[48-2e-702]~~ 16-19-702 . Transfer of transferable interest.

- 6688 (1) A transfer, in whole or in part, of a transferable interest:
6689 (a) is permissible;
6690 (b) does not by itself cause the person's dissociation or a dissolution and winding up of
6691 the limited partnership's activities and affairs; and
6692 (c) subject to Section [~~48-2e-704~~] 16-19-704, does not entitle the transferee to:
6693 (i) participate in the management or conduct of the limited partnership's activities or
6694 affairs; or
6695 (ii) except as otherwise provided in Subsection (3), have access to required
6696 information, records, or other information concerning the limited partnership's
6697 activities and affairs.
- 6698 (2) A transferee has the right to receive, in accordance with the transfer, distributions to
6699 which the transferor would otherwise be entitled.
- 6700 (3) In a dissolution and winding up of a limited partnership, a transferee is entitled to an
6701 account of the limited partnership's transactions only from the date of dissolution.
- 6702 (4) A transferable interest may be evidenced by a certificate of the interest issued by a
6703 limited partnership in a record, and, subject to this section, the interest represented by
6704 the certificate may be transferred by a transfer of the certificate.
- 6705 (5) A limited partnership need not give effect to a transferee's rights under this section until
6706 the limited partnership knows or has notice of the transfer.
- 6707 (6) A transfer of a transferable interest in violation of a restriction on transfer contained in
6708 the partnership agreement is ineffective as to a person having knowledge or notice of the
6709 restriction at the time of transfer.
- 6710 (7) Except as otherwise provided in Subsections [~~48-2e-601(2)(d)(ii)~~] 16-19-601(2)(d)(ii)
6711 and [~~48-2e-603(4)(b)~~] 16-19-603(4)(b), if a general or limited partner transfers a
6712 transferable interest, the transferor retains the rights of a general or limited partner other
6713 than the transferable interest transferred and retains all the duties and obligations of a
6714 general or limited partner.
- 6715 (8) If a general or limited partner transfers a transferable interest to a person that becomes a
6716 general or limited partner with respect to the transferred interest, the transferee is liable
6717 for the transferor's obligations under Sections [~~48-2e-502~~] 16-19-502 and [~~48-2e-505~~]
6718 16-19-505 known to the transferee when the transferee becomes a partner.

6719 Section 213. Section **16-19-703**, which is renumbered from Section 48-2e-703 is renumbered
6720 and amended to read:

6721 **[~~48-2e-703~~] 16-19-703 . Charging order.**

- 6722 (1)(a) On application by a judgment creditor of a partner or transferee, a court may enter
 6723 a charging order against the transferable interest of the judgment debtor for the
 6724 unsatisfied amount of the judgment.
- 6725 (b) [-]A charging order constitutes a lien on a judgment debtor's transferable interest
 6726 and, after the limited partnership has been served with the charging order, requires
 6727 the limited partnership to pay over to the person to which the charging order was
 6728 issued any distribution that otherwise would be paid to the judgment debtor.
- 6729 (2) To the extent necessary to effectuate the collection of distributions pursuant to a
 6730 charging order in effect under Subsection (1), the court may:
- 6731 (a) appoint a receiver of the distributions subject to the charging order, with the power to
 6732 make all inquiries the judgment debtor might have made; and
- 6733 (b) make all other orders necessary to give effect to the charging order.
- 6734 (3)(a) Upon a showing that distributions under a charging order will not pay the
 6735 judgment debt within a reasonable time, the court may foreclose the lien and order
 6736 the sale of the transferable interest.
- 6737 (b) [-]The purchaser at the foreclosure sale obtains only the transferable interest, does
 6738 not thereby become a partner, and is subject to Section [~~48-2e-702~~] 16-19-702.
- 6739 (4) At any time before foreclosure under Subsection (3), the partner or transferee whose
 6740 transferable interest is subject to a charging order under Subsection (1) may extinguish
 6741 the charging order by satisfying the judgment and filing a certified copy of the
 6742 satisfaction with the court that issued the charging order.
- 6743 (5) At any time before foreclosure under Subsection (3), a limited partnership or one or
 6744 more partners whose transferable interests are not subject to the charging order may pay
 6745 to the judgment creditor the full amount due under the judgment and thereby succeed to
 6746 the rights of the judgment creditor, including the charging order.
- 6747 (6) This chapter does not deprive any partner or transferee of the benefit of any exemption
 6748 law applicable to the transferable interest of the partner or transferee.
- 6749 (7) This section provides the exclusive remedy by which a person seeking to enforce a
 6750 judgment against a partner or transferee may, in the capacity of judgment creditor,
 6751 satisfy the judgment from the judgment debtor's transferable interest.
- 6752 Section 214. Section **16-19-704**, which is renumbered from Section 48-2e-704 is renumbered
 6753 and amended to read:
- 6754 **[~~48-2e-704~~] 16-19-704 . Power of legal representative of deceased partner.**
 6755 If a partner dies, the deceased partner's legal representative may exercise:

- 6756 (1) the rights of a transferee provided in Subsection [~~48-2e-702(3)~~] 16-19-702(3); and
6757 (2) for the purposes of settling the estate, the rights of a current limited partner under
6758 Section [~~48-2e-304~~] 16-19-304.

6759 Section 215. Section **16-19-801**, which is renumbered from Section 48-2e-801 is renumbered
6760 and amended to read:

6761 **Part 8. Dissolution and Winding Up**

6762 **~~[48-2e-801]~~ 16-19-801 . Events causing dissolution.**

- 6763 (1) A limited partnership is dissolved, and the limited partnership's activities and affairs
6764 must be wound up, upon the occurrence of any of the following:
- 6765 (a) an event or circumstance that the partnership agreement states causes dissolution;
 - 6766 (b) the affirmative vote or consent of all general partners and of limited partners owning
6767 a majority of the rights to receive distributions as limited partners at the time the vote
6768 or consent is to be effective;
 - 6769 (c) after the dissociation of a person as a general partner:
 - 6770 (i) if the limited partnership has at least one remaining general partner, the vote or
6771 consent to dissolve the limited partnership not later than 90 days after the
6772 dissociation by partners owning a majority of the rights to receive distributions as
6773 partners at the time the vote or consent is to be effective; or
 - 6774 (ii) if the limited partnership does not have a remaining general partner, the passage
6775 of 90 days after the dissociation, unless before the end of the period:
 - 6776 (A) consent to continue the activities and affairs of the limited partnership and
6777 admit at least one general partner is given by limited partners owning a
6778 majority of the rights to receive distributions as limited partners at the time the
6779 consent is to be effective; and
 - 6780 (B) at least one person is admitted as a general partner in accordance with the
6781 consent;
 - 6782 (d) the passage of 90 consecutive days after the dissociation of the limited partnership's
6783 last limited partner, unless before the end of the period the limited partnership admits
6784 at least one limited partner;
 - 6785 (e) the passage of 90 consecutive days during which the limited partnership has only one
6786 partner, unless before the end of the period:
 - 6787 (i) the limited partnership admits at least one person as a partner;
 - 6788 (ii) if the previously sole remaining partner is only a general partner, the limited
6789 partnership admits the person as a limited partner; and

- 6790 (iii) if the previously sole remaining partner is only a limited partner, the limited
6791 partnership admits a person as a general partner;
- 6792 (f) upon a petition brought by a partner, the entry of a court order dissolving the limited
6793 partnership on the grounds that:
- 6794 (i) the conduct of all or substantially all the limited partnership's activities and affairs
6795 is unlawful; or
- 6796 (ii) it is not reasonably practicable to carry on the limited partnership's activities and
6797 affairs in conformity with the partnership agreement; or
- 6798 (g) the signing and filing of a statement of administrative dissolution by the division
6799 under Section [~~48-2e-810~~] 16-1a-603.

6800 (2) If an event occurs that imposes a deadline on a limited partnership under Subsection (1)
6801 and before the limited partnership has met the requirements of the deadline, another
6802 event occurs that imposes a different deadline on the limited partnership under
6803 Subsection (1):

- 6804 (a) the occurrence of the second event does not affect the deadline caused by the first
6805 event; and
- 6806 (b) the limited partnership's meeting of the requirements of the first deadline does not
6807 extend the second deadline.

6808 Section 216. Section **16-19-802**, which is renumbered from Section 48-2e-802 is renumbered
6809 and amended to read:

6810 **[~~48-2e-802~~] 16-19-802 . Winding up.**

- 6811 (1)(a) A dissolved limited partnership shall wind up the limited partnership's activities
6812 and affairs.
- 6813 (b) Except as otherwise provided in Section [~~48-2e-803~~] 16-19-803, the limited
6814 partnership only continues after dissolution for the purpose of winding up.
- 6815 (2) In winding up the limited partnership's activities and affairs, the limited partnership:
- 6816 (a) shall discharge the limited partnership's debts, obligations, and other liabilities, settle
6817 and close the limited partnership's activities and affairs, and marshal and distribute
6818 the assets of the limited partnership; and
- 6819 (b) may:
- 6820 (i) amend [~~its~~] the limited partnership's certificate of limited partnership to state that
6821 the limited partnership is dissolved;
- 6822 (ii) preserve the limited partnership activities, affairs, and property as a going
6823 concern for a reasonable time;

- 6824 (iii) prosecute and defend actions and proceedings, whether civil, criminal, or
6825 administrative;
- 6826 (iv) transfer the limited partnership's property;
- 6827 (v) settle disputes by mediation or arbitration;
- 6828 (vi) deliver to the division for filing a statement of termination stating the name of the
6829 limited partnership and that the limited partnership is terminated; and
- 6830 (vii) perform other acts necessary or appropriate to the winding up.

6831 (3)(a) If a dissolved limited partnership does not have a general partner, a person to wind
6832 up the dissolved limited partnership's activities and affairs may be appointed by the
6833 affirmative vote or consent of limited partners owning a majority of the rights to
6834 receive distributions as limited partners at the time the vote or consent is to be
6835 effective.

6836 (b) A person appointed under this Subsection (3):

- 6837 (i) has the powers of a general partner under Section ~~[48-2e-804]~~ 16-19-804 but is not
6838 liable for the debts, obligations, and other liabilities of the limited partnership
6839 solely by reason of having or exercising those powers or otherwise acting to wind
6840 up the dissolved limited partnership's activities and affairs; and
- 6841 (ii) shall deliver promptly to the division for filing an amendment to the certificate of
6842 limited partnership stating:
- 6843 (A) that the limited partnership does not have a general partner;
- 6844 (B) the name and street and mailing addresses of the person; and
- 6845 (C) that the person has been appointed pursuant to this subsection to wind up the
6846 limited partnership.

6847 (4) Upon a petition brought by a partner, a court may order judicial supervision of the
6848 winding up of a dissolved limited partnership, including the appointment of a person to
6849 wind up the limited partnership's activities and affairs, if:

- 6850 (a) the limited partnership does not have a general partner and within a reasonable time
6851 following the dissolution no person has been appointed ~~[pursuant to]~~ in accordance
6852 with Subsection (3); or
- 6853 (b) the applicant establishes other good cause.

6854 Section 217. Section **16-19-803**, which is renumbered from Section 48-2e-803 is renumbered
6855 and amended to read:

6856 **[48-2e-803] 16-19-803 . Rescinding dissolution.**

6857 (1) A limited partnership may rescind the limited partnership's dissolution, unless a

6858 statement of termination applicable to the limited partnership is effective, a court has
 6859 entered an order under Subsection [~~48-2e-801(1)(f)~~] 16-19-801(1)(f) dissolving the
 6860 limited partnership, or the division has dissolved the limited partnership under Section [
 6861 ~~48-2e-810~~] 16-1a-603.

6862 (2) Rescinding dissolution under this section requires:

6863 (a) the affirmative vote or consent of each partner; and

6864 (b) if the limited partnership has delivered to the division for filing an amendment to the
 6865 certificate of limited partnership stating that the partnership is dissolved and if:

6866 (i) the amendment is not effective, the filing by the limited partnership of a statement
 6867 of withdrawal under Section [~~48-2e-207~~] 16-1a-205 applicable to the amendment;

6868 or

6869 (ii) the amendment is effective, the delivery by the limited partnership to the division
 6870 for filing of an amendment to the certificate of limited partnership stating that the
 6871 dissolution has been rescinded under this section.

6872 (3) If a limited partnership rescinds the limited partnership's dissolution:

6873 (a) the limited partnership resumes carrying on the limited partnership's activities and
 6874 affairs as if dissolution had never occurred;

6875 (b) subject to Subsection (3)(c), any liability incurred by the limited partnership after the
 6876 dissolution and before the rescission is effective is determined as if dissolution had
 6877 never occurred; and

6878 (c) the rights of a third party arising out of conduct in reliance on the dissolution before
 6879 the third party knew or had notice of the rescission may not be adversely affected.

6880 Section 218. Section **16-19-804**, which is renumbered from Section 48-2e-804 is renumbered
 6881 and amended to read:

6882 **[~~48-2e-804~~] 16-19-804 . Power to bind partnership after dissolution.**

6883 (1) A limited partnership is bound by a general partner's act after dissolution which:

6884 (a) is appropriate for winding up the limited partnership's activities and affairs; or

6885 (b) would have bound the limited partnership under Section [~~48-2e-402~~] 16-19-402
 6886 before dissolution, if, at the time the other party enters into the transaction, the other
 6887 party does not know or have notice of the dissolution.

6888 (2) A person dissociated as a general partner binds a limited partnership through an act
 6889 occurring after dissolution if:

6890 (a) at the time the other party enters into the transaction:

6891 (i) less than two years has passed since the dissociation; and

6892 (ii) the other party does not have notice of the dissociation and reasonably believes
6893 that the person is a general partner; and

6894 (b) the act:

6895 (i) is appropriate for winding up the limited partnership's activities and affairs; or

6896 (ii) would have bound the limited partnership under Section ~~[48-2e-402]~~ 16-19-402
6897 before dissolution and at the time the other party enters into the transaction the
6898 other party does not have notice of the dissolution.

6899 Section 219. Section **16-19-805**, which is renumbered from Section 48-2e-805 is renumbered
6900 and amended to read:

6901 **~~[48-2e-805]~~ 16-19-805 . Liability after dissolution of general partner and person**
6902 **dissociated as general partner to limited partnership, other general partners, and**
6903 **persons dissociated as general partner.**

6904 (1) If a general partner having knowledge of the dissolution causes a limited partnership to
6905 incur an obligation under Subsection ~~[48-2e-804(1)]~~ 16-19-804(1) by an act that is not
6906 appropriate for winding up the limited partnership's activities and affairs, the general
6907 partner is liable:

6908 (a) to the limited partnership for any damage caused to the limited partnership arising
6909 from the obligation; and

6910 (b) if another general partner or a person dissociated as a general partner is liable for the
6911 obligation, to that other general partner or person for any damage caused to that other
6912 general partner or person arising from the liability.

6913 (2) If a person dissociated as a general partner causes a limited partnership to incur an
6914 obligation under Subsection ~~[48-2e-804(2)]~~ 16-19-804(2), the person is liable:

6915 (a) to the limited partnership for any damage caused to the limited partnership arising
6916 from the obligation; and

6917 (b) if a general partner or another person dissociated as a general partner is liable for the
6918 obligation, to the general partner or other person for any damage caused to the
6919 general partner or other person arising from the obligation.

6920 Section 220. Section **16-19-806**, which is renumbered from Section 48-2e-806 is renumbered
6921 and amended to read:

6922 **~~[48-2e-806]~~ 16-19-806 . Known claims against dissolved limited partnership.**

6923 (1) Except as otherwise provided in Subsection (4), a dissolved limited partnership may
6924 give notice of a known claim under Subsection (2), which has the effect provided in
6925 Subsection (3).

6926 (2)(a) A dissolved limited partnership may in a record notify [its] the dissolved limited
 6927 partnership's known claimants of the dissolution.

6928 (b) [-]The notice must:

6929 [(a)] (i) specify the information required to be included in a claim;

6930 [(b)] (ii) state that a claim must be in writing and provide a mailing address to which
 6931 the claim is to be sent;

6932 [(c)] (iii) state the deadline for receipt of a claim, which may not be less than 120 days
 6933 after the date the notice is received by the claimant;

6934 [(d)] (iv) state that the claim will be barred if not received by the deadline; and

6935 [(e)] (v) unless the limited partnership has been throughout [its] the limited
 6936 partnership's existence a limited liability limited partnership, state that the barring
 6937 of a claim against the limited partnership will also bar any corresponding claim
 6938 against any general partner or person dissociated as a general partner which is
 6939 based on Section [~~48-2e-404~~] 16-19-404.

6940 (3) A claim against a dissolved limited partnership is barred if the requirements of
 6941 Subsection (2) are met, and:

6942 (a) the claim is not received by the specified deadline; or

6943 (b) if the claim is timely received but rejected by the limited partnership:

6944 (i) the limited partnership causes the claimant to receive a notice in a record stating
 6945 that the claim is rejected and will be barred unless the claimant commences an
 6946 action against the limited partnership to enforce the claim not later than 90 days
 6947 after the claimant receives the notice; and

6948 (ii) the claimant does not commence the required action not later than 90 days after
 6949 the claimant receives the notice.

6950 (4) This section does not apply to a claim based on an event occurring after the effective
 6951 date of dissolution or a liability that on that date is contingent.

6952 Section 221. Section **16-19-807**, which is renumbered from Section 48-2e-807 is renumbered
 6953 and amended to read:

6954 [~~48-2e-807~~] **16-19-807 . Other claims against dissolved limited partnership.**

6955 (1) A dissolved limited partnership may publish notice of [its] the dissolved limited
 6956 partnership's dissolution and request persons having claims against the dissolved limited
 6957 partnership to present [~~them~~] the claims in accordance with the notice.

6958 (2) A notice under Subsection (1) must:

6959 (a) be published at least once in a newspaper of general circulation in the county in this

- 6960 state in which the dissolved limited partnership's principal office is located or, if the
6961 principal office is not located in this state, in the county in which the office of the
6962 dissolved limited partnership's registered agent is or was last located and in
6963 accordance with Section 45-1-101;
- 6964 (b) describe the information required to be contained in a claim, state that the claim must
6965 be in writing, and provide a mailing address to which the claim is to be sent;
- 6966 (c) state that a claim against the dissolved limited partnership is barred unless an action
6967 to enforce the claim is commenced not later than three years after publication of the
6968 notice; and
- 6969 (d) unless the dissolved limited partnership has been throughout ~~[its]~~ the dissolved
6970 limited partnership's existence a limited liability limited partnership, state that the
6971 barring of a claim against the dissolved limited partnership will also bar any
6972 corresponding claim against any general partner or person dissociated as a general
6973 partner which is based on Section ~~[48-2e-404]~~ 16-19-404.
- 6974 (3) If a dissolved limited partnership publishes a notice in accordance with Subsection (2),
6975 the claim of each of the following claimants is barred unless the claimant commences an
6976 action to enforce the claim against the dissolved limited partnership not later than three
6977 years after the publication date of the notice:
- 6978 (a) a claimant that did not receive notice in a record under Section ~~[48-2e-806]~~ 16-19-806;
- 6979 (b) a claimant whose claim was timely sent to the dissolved limited partnership but not
6980 acted on; and
- 6981 (c) a claimant whose claim is contingent at, or based on an event occurring after, the
6982 effective date of dissolution.
- 6983 (4) A claim not barred under this section or Section ~~[48-2e-806]~~ 16-19-806 may be enforced:
- 6984 (a) against the dissolved limited partnership, to the extent of ~~[its]~~ the dissolved limited
6985 partnership's undistributed assets;
- 6986 (b) except as otherwise provided in Section ~~[48-2e-808]~~ 16-19-808, if the assets of the
6987 dissolved limited partnership have been distributed after dissolution, against a partner
6988 or transferee to the extent of that person's proportionate share of the claim or of the
6989 dissolved limited partnership's assets distributed to the partner or transferee after
6990 dissolution, whichever is less, but a person's total liability for all claims under this
6991 subsection may not exceed the total amount of assets distributed to the person after
6992 dissolution; and
- 6993 (c) against any person liable on the claim under Sections ~~[48-2e-404]~~ 16-19-404 and [

6994 ~~48-2e-607]~~ 16-19-607.

6995 Section 222. Section **16-19-808**, which is renumbered from Section 48-2e-808 is renumbered
6996 and amended to read:

6997 **~~[48-2e-808]~~ 16-19-808 . Court proceedings.**

6998 (1)(a) A dissolved limited partnership that has published a notice under Section [
6999 ~~48-2e-807]~~ 16-19-807 may petition a court with jurisdiction under Title 78A,
7000 Judiciary and Judicial Administration, for a determination of the amount and form of
7001 security to be provided for payment of claims that are contingent, have not been
7002 made known to the dissolved limited partnership, or are based on an event occurring
7003 after the effective date of dissolution but which, based on the facts known to the
7004 dissolved limited partnership, are reasonably expected to arise after the effective date
7005 of dissolution.

7006 (b) Security is not required for any claim that is or is reasonably anticipated to be barred
7007 under Subsection [~~48-2e-807(3)]~~ 16-19-807(3).

7008 (2) No later than 10 days after the filing of an application under Subsection (1), the
7009 dissolved limited partnership shall give notice of the proceeding to each claimant
7010 holding a contingent claim known to the dissolved limited partnership.

7011 (3)(a) In a proceeding brought under this section, the court may appoint a guardian ad
7012 litem to represent all claimants whose identities are unknown.

7013 (b) The reasonable fees and expenses of the guardian, including all reasonable expert
7014 witness fees, must be paid by the dissolved limited partnership.

7015 (4) A dissolved limited partnership that provides security in the amount and form ordered
7016 by the court under Subsection (1) satisfies the dissolved limited partnership's obligations
7017 with respect to claims that are contingent, have not been made known to the dissolved
7018 limited partnership, or are based on an event occurring after the effective date of
7019 dissolution, and such claims may not be enforced against a partner or transferee that
7020 received assets in liquidation.

7021 Section 223. Section **16-19-809**, which is renumbered from Section 48-2e-809 is renumbered
7022 and amended to read:

7023 **~~[48-2e-809]~~ 16-19-809 . Liability of general partner and person dissociated as
7024 general partner when claim against limited partnership barred.**

7025 If a claim against a dissolved limited partnership is barred under Section [~~48-2e-806]~~
7026 16-19-806, [~~48-2e-807]~~ 16-19-807, or [~~48-2e-808]~~ 16-19-808, any corresponding claim under
7027 Section [~~48-2e-404]~~ 16-19-404 or [~~48-2e-607]~~ 16-19-607 is also barred.

7028 Section 224. Section **16-19-810**, which is renumbered from Section 48-2e-813 is renumbered
7029 and amended to read:

7030 **[48-2e-813] 16-19-810 . Disposition of assets in winding up -- When contributions**
7031 **required.**

7032 (1) In winding up [its] a limited partnership's activities and affairs, a limited partnership
7033 shall apply [its] the limited partnership's assets, including the contributions required by
7034 this section, to discharge the limited partnership's obligations to creditors, including
7035 partners that are creditors.

7036 (2) After a limited partnership complies with Subsection (1), any surplus must be
7037 distributed in the following order, subject to any charging order in effect under Section [
7038 48-2e-703] 16-19-703:

7039 (a) to each person owning a transferable interest that reflects contributions made and not
7040 previously returned, an amount equal to the value of the unreturned contributions; and

7041 (b) among partners in proportion to [~~their~~] the partners' respective rights to share in
7042 distributions immediately before the dissolution of the limited partnership, except to
7043 the extent necessary to comply with any transfer effective under Section [~~48-2e-702]~~
7044 16-19-702.

7045 (3) If a limited partnership's assets are insufficient to satisfy all of [its] the limited
7046 partnership's obligations under Subsection (1), with respect to each unsatisfied
7047 obligation incurred when the limited partnership was not a limited liability limited
7048 partnership, the following rules apply:

7049 (a)(i) Each person that was a general partner when the obligation was incurred and
7050 that has not been released from the obligation under Section [~~48-2e-607] 16-19-607~~
7051 shall contribute to the limited partnership for the purpose of enabling the limited
7052 partnership to satisfy the obligation.

7053 (ii) [-]The contribution due from each of those persons is in proportion to the right to
7054 receive distributions in the capacity of general partner in effect for each of those
7055 persons when the obligation was incurred.

7056 (b)(i) If a person does not contribute the full amount required under Subsection (3)(a)
7057 with respect to an unsatisfied obligation of the limited partnership, the other
7058 persons required to contribute by Subsection (3)(a) on account of the obligation
7059 shall contribute the additional amount necessary to discharge the obligation.

7060 (ii) [-]The additional contribution due from each of those other persons is in
7061 proportion to the right to receive distributions in the capacity of general partner in

7062 effect for each of those other persons when the obligation was incurred.

7063 (c) If a person does not make the additional contribution required by Subsection (3)(b),
7064 further additional contributions are determined and due in the same manner as
7065 provided in ~~[that subsection]~~ Subsection (3)(b).

7066 (d)(i) A person that makes an additional contribution under Subsection (3)(b) or (3)(c)
7067 may recover from any person whose failure to contribute under Subsection (3)(a)
7068 or (3)(b) necessitated the additional contribution.

7069 (ii) ~~[-]~~A person may not recover under this subsection more than the amount
7070 additionally contributed.

7071 (iii) ~~[-]~~A person's liability under this subsection may not exceed the amount the
7072 person failed to contribute.

7073 (4) If a limited partnership does not have sufficient surplus to comply with Subsection (2)(a),
7074 any surplus must be distributed among the owners of transferable interests in proportion
7075 to the value of the respective unreturned contributions.

7076 (5) All distributions made under Subsections (2) and (4) must be paid in money.

7077 Section 225. Section **16-19-1001**, which is renumbered from Section 48-2e-1001 is renumbered
7078 and amended to read:

7079 **Part 10. Actions by Partners**

7080 **~~[48-2e-1001] 16-19-1001 . Direct action by partner.~~**

7081 (1) Subject to Subsection (2), a partner may maintain a direct action against another partner
7082 or the limited partnership, with or without an accounting as to the limited partnership's
7083 activities and affairs, to enforce the partner's rights and otherwise protect the partner's
7084 interests, including rights and interests under the partnership agreement or this chapter
7085 or arising independently of the partnership relationship.

7086 (2) A partner maintaining a direct action under this section must plead and prove an actual
7087 or threatened injury that is not solely the result of an injury suffered or threatened to be
7088 suffered by the limited partnership.

7089 (3) A right to an accounting upon a dissolution and winding up does not revive a claim
7090 barred by law.

7091 Section 226. Section **16-19-1002**, which is renumbered from Section 48-2e-1002 is renumbered
7092 and amended to read:

7093 **~~[48-2e-1002] 16-19-1002 . Derivative action.~~**

7094 A partner may maintain a derivative action to enforce a right of a limited partnership if:

7095 (1) the partner first makes a demand on the general partners, requesting that they cause the

7096 limited partnership to bring an action to enforce the right, and the general partners do not
7097 bring the action within a reasonable time; or

7098 (2) a demand under Subsection (1) would be futile.

7099 Section 227. Section **16-19-1003**, which is renumbered from Section 48-2e-1003 is renumbered
7100 and amended to read:

7101 **~~[48-2e-1003]~~ 16-19-1003 . Proper plaintiff.**

7102 A derivative action to enforce a right of a limited partnership may be maintained only by
7103 a person that is a partner at the time the action is commenced and:

7104 (1) which was a partner when the conduct giving rise to the action occurred; or

7105 (2) whose status as a partner devolved on the person by operation of law or ~~[pursuant to]~~ in
7106 accordance with the terms of the partnership agreement from a person that was a partner
7107 at the time of the conduct.

7108 Section 228. Section **16-19-1004**, which is renumbered from Section 48-2e-1004 is renumbered
7109 and amended to read:

7110 **~~[48-2e-1004]~~ 16-19-1004 . Pleading.**

7111 In a derivative action to enforce a right of a limited partnership, the complaint must state
7112 with particularity:

7113 (1) the date and content of the plaintiff's demand and the response to the demand by the
7114 general partner; or

7115 (2) why the demand should be excused as futile.

7116 Section 229. Section **16-19-1005**, which is renumbered from Section 48-2e-1005 is renumbered
7117 and amended to read:

7118 **~~[48-2e-1005]~~ 16-19-1005 . Special litigation committee.**

7119 (1)(a) If a limited partnership is named as or made a party in a derivative proceeding, the
7120 limited partnership may appoint a special litigation committee to investigate the
7121 claims asserted in the proceeding and determine whether pursuing the action is in the
7122 best interests of the limited partnership.

7123 (b) ~~[-]~~If the limited partnership appoints a special litigation committee, on motion by the
7124 committee made in the name of the limited partnership, except for good cause shown,
7125 the court shall stay discovery for the time reasonably necessary to permit the
7126 committee to make its investigation.

7127 (c) ~~[-]~~This subsection does not prevent the court from:

7128 [(a)] (i) enforcing a person's right to information under Section ~~[48-2e-304]~~ 16-19-304
7129 or ~~[48-2e-407]~~ 16-19-407; or

7130 [(b)] (ii) granting extraordinary relief in the form of a temporary restraining order or
7131 preliminary injunction.

7132 (2) A special litigation committee must be composed of one or more disinterested and
7133 independent individuals, who may be partners.

7134 (3) A special litigation committee may be appointed:

7135 (a) by a majority of the general partners not named as parties in the proceeding; and

7136 (b) if all general partners are named as parties in the proceeding, by a majority of the
7137 general partners named as defendants.

7138 (4) After appropriate investigation, a special litigation committee may determine that it is in
7139 the best interests of the limited partnership that the proceeding:

7140 (a) continue under the control of the plaintiff;

7141 (b) continue under the control of the committee;

7142 (c) be settled on terms approved by the committee; or

7143 (d) be dismissed.

7144 (5)(a) After making a determination under Subsection (4), a special litigation committee
7145 shall file with the court a statement of its determination and its report supporting its
7146 determination and shall serve each party with a copy of the determination and report.

7147 (b) [-]The court shall determine whether the members of the committee were
7148 disinterested and independent and whether the committee conducted its investigation
7149 and made its recommendation in good faith, independently, and with reasonable care,
7150 with the committee having the burden of proof.

7151 (c) [-]If the court finds that the members of the committee were disinterested and
7152 independent and that the committee acted in good faith, independently, and with
7153 reasonable care, the court shall enforce the determination of the committee.

7154 (d) [-]Otherwise, the court shall dissolve the stay of discovery entered under Subsection
7155 (1) and allow the action to continue under the control of the plaintiff.

7156 Section 230. Section **16-19-1006**, which is renumbered from Section 48-2e-1006 is renumbered
7157 and amended to read:

7158 **[48-2e-1006] 16-19-1006 . Proceeds and expenses.**

7159 (1) Except as otherwise provided in Subsection (2):

7160 (a) any proceeds or other benefits of a derivative action, whether by judgment,
7161 compromise, or settlement, belong to the limited partnership and not to the plaintiff;
7162 and

7163 (b) if the plaintiff receives any proceeds, the plaintiff shall remit them immediately to

7164 the limited partnership.

7165 (2) If a derivative action is successful in whole or in part, the court may award the plaintiff
7166 reasonable expenses, including reasonable attorney's fees and costs, from the recovery of
7167 the limited partnership.

7168 (3) A derivative action on behalf of a limited partnership may not be voluntarily dismissed
7169 or settled without the court's approval.

7170 Section 231. Section **16-19-1101**, which is renumbered from Section 48-2e-1201 is renumbered
7171 and amended to read:

7172 **[48-2e-1201] 16-19-1101 . Uniformity of application and construction.**

7173 In applying and construing this chapter, consideration must be given to the need to
7174 promote uniformity of the law with respect to [its] this chapter's subject matter among states
7175 that enact the uniform act upon which this chapter is based.

7176 Section 232. Section **16-19-1102**, which is renumbered from Section 48-2e-1202 is renumbered
7177 and amended to read:

7178 **[48-2e-1202] 16-19-1102 . Severability clause.**

7179 If any provision of this chapter or [its] this chapter's application to any person or
7180 circumstance is held invalid, the invalidity does not affect other provisions or applications of
7181 this chapter which can be given effect without the invalid provision or application, and to this
7182 end the provisions of this chapter are severable.

7183 Section 233. Section **16-19-1103**, which is renumbered from Section 48-2e-1203 is renumbered
7184 and amended to read:

7185 **[48-2e-1203] 16-19-1103 . Relation to Electronic Signatures in Global and**
7186 **National Commerce Act.**

7187 This chapter modifies, limits, and supersedes the Electronic Signatures in Global and
7188 National Commerce Act, 15 U.S.C. Sec. 7001 et seq., but this chapter does not modify, limit,
7189 or supersede Sec. 101(c) of that act, 15 U.S.C. Sec. 7001(c), or authorize electronic delivery of
7190 any of the notices described in Sec. 103(b) of that act, 15 U.S.C. Sec. 7003(b).

7191 Section 234. Section **16-19-1104**, which is renumbered from Section 48-2e-1204 is renumbered
7192 and amended to read:

7193 **[48-2e-1204] 16-19-1104 . Savings clause.**

7194 This chapter does not affect an action commenced, proceeding brought, or right accrued
7195 before this chapter takes effect.

7196 Section 235. Section **16-19-1105**, which is renumbered from Section 48-2e-1205 is renumbered
7197 and amended to read:

7198 **~~[48-2e-1205]~~ 16-19-1105 . Application to existing relationships.**

- 7199 (1) Before January 1, 2016, this chapter governs only:
- 7200 (a) a limited partnership formed on or after January 1, 2014; and
- 7201 (b) except as otherwise provided in Subsections (3) and (4), a limited partnership formed
- 7202 before January 1, 2014, which elects, in the manner provided in ~~[its]~~ the limited
- 7203 partnership's partnership agreement or by law for amending the partnership
- 7204 agreement, to be subject to this chapter.
- 7205 (2) Except as otherwise provided in Subsection (3), on and after January 1, 2016, this
- 7206 chapter governs all limited partnerships.
- 7207 (3) With respect to a limited partnership formed before January 1, 2014, the following rules
- 7208 apply except as the partners otherwise elect in the manner provided in the partnership
- 7209 agreement or by law for amending the partnership agreement:
- 7210 (a) ~~[Subsection 48-2e-104(3)]~~ Section 16-19-103 does not apply and the limited
- 7211 partnership has whatever duration ~~[it]~~ the limited partnership had under the law
- 7212 applicable immediately before January 1, 2014~~[-]~~ ;
- 7213 (b) Sections ~~[48-2e-601]~~ 16-19-601 and ~~[48-2e-602]~~ 16-19-602 do not apply and a limited
- 7214 partner has the same right and power to dissociate from the limited partnership, with
- 7215 the same consequences, as existed immediately before January 1, 2014~~[-]~~ ;
- 7216 (c) Subsection ~~[48-2e-603(4)]~~ 16-19-603(4) does not apply and the partners have the
- 7217 same right and power to expel a general partner as existed immediately before
- 7218 January 1, 2014~~[-]~~ ;
- 7219 (d) Subsection ~~[48-2e-603(5)]~~ 16-19-603(5) does not apply and a court has the same
- 7220 power to expel a general partner as the court had immediately before January 1, 2014~~[-]~~
- 7221 ; and
- 7222 (e) Subsection ~~[48-2e-801(1)(e)]~~ 16-19-801(1)(c) does not apply and the connection
- 7223 between a person's dissociation as a general partner and the dissolution of the limited
- 7224 partnership is the same as existed immediately before January 1, 2014.
- 7225 (4) With respect to a limited partnership that elects ~~[pursuant to]~~ in accordance with
- 7226 Subsection (1)(b) to be subject to this chapter, after the election takes effect the
- 7227 provisions of this chapter relating to the liability of the limited partnership's general
- 7228 partners to third parties apply:
- 7229 (a) before January 1, 2016, to:
- 7230 (i) a third party that had not done business with the limited partnership in the year
- 7231 before the election took effect; and

7232 (ii) a third party that had done business with the limited partnership in the year before
 7233 the election took effect only if the third party knows or has received a notification
 7234 of the election; and

7235 (b) on and after January 1, 2016, to all third parties, but those provisions remain
 7236 inapplicable to any obligation incurred while those provisions were inapplicable
 7237 under Subsection (4)(a)(ii).

7238 Section 236. Section **16-20-101**, which is renumbered from Section 48-3a-102 is renumbered
 7239 and amended to read:

7240 **CHAPTER 20. Utah Revised Uniform Limited Liability Company Act**

7241 **Part 1. General Provisions**

7242 **[48-3a-102] 16-20-101 . Definitions.**

7243 As used in this chapter:

7244 (1)(a) "Certificate of organization" means the certificate required by Section [48-3a-201]
 7245 16-20-201.

7246 (b) [~~The term~~] "Certificate of organization" includes the certificate as amended or
 7247 restated.

7248 (2) "Contribution," except in the phrase "right of contribution," means property or a benefit
 7249 described in Section [48-3a-402] 16-20-402, which is provided by a person to a limited
 7250 liability company to become a member or in the person's capacity as a member.

7251 (3) "Debtor in bankruptcy" means a person that is the subject of:

7252 (a) an order for relief under Title 11 of the United States Code or a comparable order
 7253 under a successor statute of general application; or

7254 (b) a comparable order under federal, state, or foreign law governing insolvency.

7255 (4)(a) "Distribution" means a transfer of money or other property from a limited liability
 7256 company to a person on account of a transferable interest or in the person's capacity
 7257 as a member.[~~The term:~~]

7258 [(a)] (b) "Distribution" includes:

7259 (i) a redemption or other purchase by a limited liability company of a transferable
 7260 interest; and

7261 (ii) a transfer to a member in return for the member's relinquishment of any right to
 7262 participate as a member in the management or conduct of the company's activities
 7263 and affairs or to have access to records or other information concerning the
 7264 company's activities and affairs[~~;~~ and] .

- 7265 ~~(b)~~ (c) "Distribution" does not include amounts constituting reasonable compensation
 7266 for present or past service or payments made in the ordinary course of business under
 7267 a bona fide retirement plan or other bona fide benefits program.
- 7268 (5) "Division" means the Division of Corporations and Commercial Code.
- 7269 (6) "Foreign limited liability company" means an unincorporated entity formed under the
 7270 law of a jurisdiction other than this state, which would be a limited liability company,
 7271 including a low-profit limited liability company, if formed under the law of this state.
- 7272 (7)(a) "Governing person" means a person, alone or in concert with others, by or under
 7273 whose authority the powers of the limited liability company are exercised and under
 7274 whose direction the activities and affairs of the limited liability company are
 7275 managed ~~[pursuant to]~~ in accordance with this chapter and the limited liability
 7276 company's operating agreement.
- 7277 (b) ~~[-The term]~~ "Governing person" includes:
- 7278 ~~(a)~~ (i) a manager of a manager-managed limited liability company;
- 7279 ~~(b)~~ (ii) a member of a member-managed limited liability company; and
- 7280 ~~(c)~~ (iii) the chief executive officer of a limited liability company in which officers
 7281 have been appointed, regardless of the actual designated title.
- 7282 (8) "Jurisdiction," used to refer to a political entity, means the United States, a state, a
 7283 foreign country, or a political subdivision of a foreign country.
- 7284 (9) "Jurisdiction of formation" means, with respect to an entity, the jurisdiction:
- 7285 (a) under whose law the entity is formed; or
- 7286 (b) in the case of a limited liability partnership or foreign limited liability partnership, in
 7287 which the partnership's statement of qualification is filed.
- 7288 (10) "Limited liability company," except in the phrase "foreign limited liability company,"
 7289 means an entity formed under this chapter or which becomes subject to this chapter
 7290 under~~[-Part 10, Merger, Interest Exchange, Conversion, and Domestication,]~~ :
- 7291 (a) Chapter 1a, Part 7, Merger;
- 7292 (b) Chapter 1a, Part 8, Interest Exchange;
- 7293 (c) Chapter 1a, Part 9, Conversion;
- 7294 (d) Chapter 1a, Part 10, Domestication; or
- 7295 (e) ~~[-]Section [48-3a-1405]~~ 16-20-1205.
- 7296 (11) "Low-profit limited liability company" means a limited liability company meeting the
 7297 requirements of ~~[Part 13, Low-Profit Limited Liability Companies]~~ Part 11, Low-Profit
 7298 Limited Liability Companies.

- 7299 (12) "Manager" means a person that under the operating agreement of a manager-managed
7300 limited liability company is responsible, alone or in concert with others, for performing
7301 the management functions stated in Subsection [~~48-3a-407(3)~~] 16-20-407(3).
- 7302 (13) "Manager-managed limited liability company" means a limited liability company that
7303 qualifies under Subsection [~~48-3a-407(1)~~] 16-20-407(1).
- 7304 (14) "Member" means a person that:
- 7305 (a) has become a member of a limited liability company under Section [~~48-3a-401~~]
7306 16-20-401 or was a member in a company when the company became subject to this
7307 chapter under Section [~~48-3a-1405~~] 16-20-1205; and
- 7308 (b) has not dissociated under Section [~~48-3a-602~~] 16-20-602.
- 7309 (15) "Member-managed limited liability company" means a limited liability company that
7310 is not a manager-managed limited liability company.
- 7311 (16)(a) "Operating agreement" means the agreement, whether or not referred to as an
7312 operating agreement and whether oral, implied, in a record, or in any combination
7313 thereof, of all the members of a limited liability company, including a sole member,
7314 concerning the matters described in Subsection [~~48-3a-112(1)~~] 16-20-107(1).
- 7315 (b) [~~The term~~] "Operating agreement" includes the agreement as amended or restated.
- 7316 (17) "Organizer" means a person that acts under Section [~~48-3a-201~~] 16-20-201 to form a
7317 limited liability company.
- 7318 (18) "Person" means an individual, business corporation, nonprofit corporation, partnership,
7319 limited partnership, limited liability company, limited cooperative association,
7320 unincorporated nonprofit association, statutory trust, business trust, common-law
7321 business trust, estate, trust, association, joint venture, public corporation, government or
7322 governmental subdivision, agency, or instrumentality, or any other legal or commercial
7323 entity.
- 7324 (19) "Principal office" means the principal executive office of a limited liability company
7325 or foreign limited liability company, whether or not the office is located in this state.
- 7326 (20) "Professional services company" means a limited liability company organized in
7327 accordance with [~~Part 11, Professional Services Companies~~] Part 9, Professional Services
7328 Companies.
- 7329 (21) "Property" means all property, whether real, personal, or mixed or tangible or
7330 intangible, or any right or interest therein.
- 7331 (22) "Record," used as a noun, means information that is inscribed on a tangible medium or
7332 that is stored in an electronic or other medium and is retrievable in perceivable form.

- 7333 (23) "Registered agent" means an agent of a limited liability company or foreign limited
7334 liability company which is authorized to receive service of any process, notice, or
7335 demand required or permitted by law to be served on the company.
- 7336 (24) "Registered foreign limited liability company" means a foreign limited liability
7337 company that is registered to do business in this state [~~pursuant to~~] in accordance with a
7338 statement of registration filed by the division.
- 7339 (25) "Series" means a series created in accordance with [~~Part 12, Series Limited Liability~~
7340 ~~Companies~~] Part 10, Series Limited Liability Companies.
- 7341 (26) "Sign" means, with present intent to authenticate or adopt a record:
7342 (a) to execute or adopt a tangible symbol; or
7343 (b) to attach to or logically associate with the record an electronic symbol, sound, or
7344 process.
- 7345 (27) "State" means a state of the United States, the District of Columbia, Puerto Rico, the
7346 United States Virgin Islands, or any territory or insular possession subject to the
7347 jurisdiction of the United States.
- 7348 (28) "Transfer" includes:
7349 (a) an assignment;
7350 (b) a conveyance;
7351 (c) a sale;
7352 (d) a lease;
7353 (e) an encumbrance, including a mortgage or security interest;
7354 (f) a gift; and
7355 (g) a transfer by operation of law.
- 7356 (29)(a) "Transferable interest" means the right, as initially owned by a person in the
7357 person's capacity as a member, to receive distributions from a limited liability
7358 company in accordance with the operating agreement, whether or not the person
7359 remains a member or continues to own any part of the right.
- 7360 (b) [~~The term~~] "Transferable interest" applies to any fraction of the interest by
7361 whomever owned.
- 7362 (30)(a) "Transferee" means a person to which all or part of a transferable interest has
7363 been transferred, whether or not the transferor is a member.
- 7364 (b) [~~The term~~] "Transferee" includes a person that owns a transferable interest under
7365 Subsection [~~48-3a-603(1)(e)~~] 16-20-603(1)(c).
- 7366 (31) "Tribal limited liability company" means a limited liability company that is:

- 7367 (a) formed under the law of a tribe; and
 7368 (b) at least 51% owned or controlled by the tribe under whose law the limited liability
 7369 company is formed.

7370 (32) "Tribe" means a tribe, band, nation, pueblo, or other organized group or community of
 7371 Indians, including an Alaska Native village that is legally recognized as eligible for and
 7372 is consistent with a special program, service, or entitlement provided by the United
 7373 States to Indians because of their status as Indians.

7374 Section 237. Section **16-20-102**, which is renumbered from Section 48-3a-103 is renumbered
 7375 and amended to read:

7376 **~~[48-3a-103]~~ 16-20-102 . Knowledge -- Notice.**

- 7377 (1) A person knows a fact if the person:
 7378 (a) has actual knowledge of ~~[it]~~ the fact; or
 7379 (b) is deemed to know ~~[it]~~ the fact under Subsection (4)(a) or law other than this chapter.
- 7380 (2) A person has notice of a fact if the person:
 7381 (a) has reason to know the fact from all the facts known to the person at the time in
 7382 question; or
 7383 (b) is deemed to have notice of the fact under Subsection (4)(b).
- 7384 (3) Subject to ~~[Subsection 48-3a-209(6)]~~ Sections 16-1a-207 and 16-1a-211, a person
 7385 notifies another person of a fact by taking steps reasonably required to inform the other
 7386 person in ordinary course, whether or not those steps cause the other person to know the
 7387 fact.
- 7388 (4) A person not a member is deemed:
 7389 (a) to know of a limitation on authority to transfer real property as provided in
 7390 Subsection ~~[48-3a-302(7)]~~ 16-20-302(7); and
 7391 (b) to have notice of a limited liability company's:
 7392 (i) dissolution 90 days after a statement of dissolution under Subsection [
 7393 ~~48-3a-703(2)(b)(i)]~~ 16-20-703(2)(b)(i) becomes effective;
 7394 (ii) termination 90 days after a statement of termination under Subsection [
 7395 ~~48-3a-703(2)(b)(vi)]~~ 16-20-703(2)(b)(vi) becomes effective;
 7396 (iii) participation in a merger, interest exchange, conversion, or domestication 90
 7397 days after a statement of merger, interest exchange, conversion, or domestication
 7398 under ~~[Part 10, Merger, Interest Exchange, Conversion, and Domestication]~~
 7399 Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part
 7400 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective; and

7401 (iv) abandonment of a merger, interest exchange, conversion, or domestication 90
7402 days after a statement of abandonment of merger, interest exchange, conversion,
7403 or domestication under [~~Part 10, Merger, Interest Exchange, Conversion, and~~
7404 ~~Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange,
7405 Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes
7406 effective.

7407 Section 238. Section **16-20-103**, which is renumbered from Section 48-3a-104 is renumbered
7408 and amended to read:

7409 **[48-3a-104] 16-20-103 . Nature, purpose, and duration of limited liability**
7410 **company.**

7411 (1) A limited liability company is an entity distinct from [its] the limited liability company's
7412 member or members.

7413 (2) A limited liability company may have any lawful purpose, regardless of whether for
7414 profit.

7415 (3) A limited liability company has perpetual duration.

7416 Section 239. Section **16-20-104**, which is renumbered from Section 48-3a-105 is renumbered
7417 and amended to read:

7418 **[48-3a-105] 16-20-104 . Powers.**

7419 A limited liability company has the capacity to sue and be sued in [its] the limited
7420 liability company's own name and the power to do all things necessary or convenient to carry
7421 on [its] the limited liability company's activities and affairs.

7422 Section 240. Section **16-20-105**, which is renumbered from Section 48-3a-106 is renumbered
7423 and amended to read:

7424 **[48-3a-106] 16-20-105 . Governing law.**

7425 The law of this state governs:

7426 (1) the internal affairs of a limited liability company; and

7427 (2) the liability of a member as member and a manager as manager for the debts,
7428 obligations, or other liabilities of a limited liability company.

7429 Section 241. Section **16-20-106**, which is renumbered from Section 48-3a-107 is renumbered
7430 and amended to read:

7431 **[48-3a-107] 16-20-106 . Supplemental principles of law.**

7432 Unless displaced by particular provisions of this chapter, the principles of law and equity
7433 supplement this chapter.

7434 Section 242. Section **16-20-107**, which is renumbered from Section 48-3a-112 is renumbered

7435 and amended to read:

7436 **[~~48-3a-112~~] 16-20-107 . Operating agreement -- Scope, functions, and limitations.**

7437 (1) Except as otherwise provided in Subsections (3) and (4), the operating agreement
7438 governs:

7439 (a) relations among the members as members and between the members and the limited
7440 liability company;

7441 (b) the rights and duties under this chapter of a person in the capacity of manager;

7442 (c) the activities and affairs of the limited liability company and the conduct of those
7443 activities and affairs; and

7444 (d) the means and conditions for amending the operating agreement.

7445 (2) To the extent the operating agreement does not provide for a matter described in
7446 Subsection (1), this chapter governs the matter.

7447 (3) An operating agreement may not:

7448 (a) vary a limited liability company's capacity under Section [~~48-3a-105~~] 16-20-104 to
7449 sue and be sued in [~~its~~] the limited liability company's own name;

7450 (b) vary the law applicable under Section [~~48-3a-106~~] 16-20-105;

7451 (c) vary any requirement, procedure, or other provision of this chapter pertaining to:

7452 (i) registered agents; or

7453 (ii) the division, including provisions pertaining to records authorized or required to
7454 be delivered to the division for filing under this chapter;

7455 (d) vary the provisions of Section [~~48-3a-204~~] 16-1a-209;

7456 (e) eliminate the duty of loyalty or the duty of care, except as otherwise provided in
7457 Subsection (4);

7458 (f) eliminate the contractual obligation of good faith and fair dealing under Subsection [
7459 ~~48-3a-409(4)~~] 16-20-409(4), but the operating agreement may prescribe the standards,
7460 if not unconscionable or against public policy, by which the performance of the
7461 obligation is to be measured;

7462 (g) relieve or exonerate a person from liability for conduct involving bad faith, willful
7463 misconduct, or recklessness;

7464 (h) unreasonably restrict the duties and rights under Section [~~48-3a-410~~] 16-20-410, but
7465 the operating agreement may impose reasonable restrictions on the availability and
7466 use of information obtained under that section and may define appropriate remedies,
7467 including liquidated damages, for a breach of any reasonable restriction on use;

7468 (i) vary the causes of dissolution specified in Subsections [~~48-3a-701(4)(a)~~]

- 7469 16-20-701(4)(a) and (5);
- 7470 (j) vary the requirement to wind up the limited liability company's activities and affairs
7471 as specified in Subsections [~~48-3a-703(1)~~] 16-20-703(1), (2)(a), and (5);
- 7472 (k) unreasonably restrict the right of a member to maintain an action under Part 8,
7473 Action by Members;
- 7474 (l) vary the provisions of Section [~~48-3a-805~~] 16-20-805, but the operating agreement
7475 may provide that the limited liability company may not have a special litigation
7476 committee;
- 7477 (m) vary the right of a member to approve a merger, interest exchange, conversion, or
7478 domestication under [~~Subsections 48-3a-1023(1)(b)~~] Section 16-1a-704, [~~48-3a-1033(1)(b)~~]
7479 16-1a-804, [~~48-3a-1043(1)(b)~~] 16-1a-904, or [~~48-3a-1053(1)(b)~~]
7480 16-1a-1004; or
- 7481 (n) except as otherwise provided in Section [~~48-3a-113~~] 16-20-108 and Subsection [~~48-3a-114(2)~~]
7482 16-20-109(2), restrict the rights under this chapter of a person other
7483 than a member or manager.
- 7484 (4) Subject to Subsection (3)(g), without limiting other terms that may be included in an
7485 operating agreement, the following rules apply:
- 7486 (a) The operating agreement may specify the method by which a specific act or
7487 transaction that would otherwise violate the duty of loyalty may be authorized or
7488 ratified by one or more disinterested and independent persons after full disclosure of
7489 all material facts.
- 7490 (b) To the extent the operating agreement of a member-managed limited liability
7491 company expressly relieves a member of a responsibility that the member would
7492 otherwise have under this chapter and imposes the responsibility on one or more
7493 other members, the operating agreement may, to the benefit of the member that the
7494 operating agreement relieves of the responsibility, also eliminate or limit any
7495 fiduciary duty that would have pertained to the responsibility.
- 7496 (c) If not unconscionable or against public policy, the operating agreement may:
- 7497 (i) alter or eliminate the aspects of the duty of loyalty stated in Subsections [~~48-3a-409(2)~~]
7498 16-20-409(2) and (9);
- 7499 (ii) identify specific types or categories of activities that do not violate the duty of
7500 loyalty;
- 7501 (iii) alter the duty of care, but may not authorize intentional misconduct or knowing
7502 violation of law; and

7503 (iv) alter or eliminate any other fiduciary duty.

7504 (5)(a) The court shall decide as a matter of law whether a term of an operating
7505 agreement is unconscionable or against public policy under Subsection (3)(f) or (4)(c).

7506 (b) [-]The court:

7507 [(a)] (i) shall make [its] the court's determination as of the time the challenged term
7508 became part of the operating agreement and by considering only circumstances
7509 existing at that time; and

7510 [(b)] (ii) may invalidate the term only if, in light of the purposes, activities, and affairs
7511 of the limited liability company, it is readily apparent that:

7512 [(i)] (A) the objective of the term is unconscionable or against public policy; or

7513 [(ii)] (B) the means to achieve the term's objective is unconscionable or against
7514 public policy.

7515 Section 243. Section **16-20-108**, which is renumbered from Section 48-3a-113 is renumbered
7516 and amended to read:

7517 **[48-3a-113] 16-20-108 . Operating agreement -- Effect on limited liability**
7518 **company and person becoming member -- Preformation agreement.**

7519 (1) A limited liability company is bound by and may enforce the operating agreement,
7520 whether or not the limited liability company has itself manifested assent to the operating
7521 agreement.

7522 (2) A person that becomes a member of a limited liability company is deemed to assent to
7523 the operating agreement.

7524 (3)(a) Two or more persons intending to become the initial members of a limited
7525 liability company may make an agreement providing that upon the formation of the
7526 limited liability company the agreement will become the operating agreement.

7527 (b) [-]One person intending to become the initial member of a limited liability company
7528 may assent to terms providing that upon the formation of the limited liability
7529 company the terms will become the operating agreement.

7530 Section 244. Section **16-20-109**, which is renumbered from Section 48-3a-114 is renumbered
7531 and amended to read:

7532 **[48-3a-114] 16-20-109 . Operating agreement -- Effect on third parties and**
7533 **relationship to records effective on behalf of limited liability company.**

7534 (1)(a) An operating agreement may specify that [its] the operating agreement's
7535 amendment requires the approval of a person that is not a party to the operating
7536 agreement or the satisfaction of a condition.

7537 (b) [-]An amendment is ineffective if [its] the amendment's adoption does not include the
7538 required approval or satisfy the specified condition.

7539 (2)(a) The obligations of a limited liability company and [its] the limited liability
7540 company's members to a person in the person's capacity as a transferee or a person
7541 dissociated as a member are governed by the operating agreement.

7542 (b) [-]Subject only to a court order issued under Subsection [~~48-3a-503(2)(b)]~~
7543 16-20-503(2)(b) to effectuate a charging order, an amendment to the operating
7544 agreement made after a person becomes a transferee or is dissociated as a member:
7545 [(a)] (i) is effective with regard to any debt, obligation, or other liability of the limited
7546 liability company or its members to the person in the person's capacity as a
7547 transferee or person dissociated as a member; and
7548 [(b)] (ii) is not effective to the extent the amendment imposes a new debt, obligation,
7549 or other liability on the transferee or person dissociated as a member.

7550 (3) If a record delivered by a limited liability company to the division for filing becomes
7551 effective and contains a provision that would be ineffective under [~~Subsection~~
7552 ~~48-3a-112(3) or (4)(c)~~] Section 16-20-107 if contained in the operating agreement, the
7553 provision is ineffective in the record.

7554 (4) Subject to Subsection (3), if a record delivered by a limited liability company to the
7555 division for filing becomes effective and conflicts with a provision of the operating
7556 agreement:

7557 (a) the operating agreement prevails as to members, persons dissociated as members,
7558 transferees, and managers; and

7559 (b) the record prevails as to other persons to the extent [~~they~~] the persons reasonably rely
7560 on the record.

7561 Section 245. Section **16-20-110**, which is renumbered from Section 48-3a-115 is renumbered
7562 and amended to read:

7563 **[~~48-3a-115~~] 16-20-110 . Delivery of record.**

7564 (1) Except as otherwise provided in this chapter, permissible means of delivery of a record
7565 include delivery by hand, the United States Postal Service, a commercial delivery
7566 service, and electronic transmission.

7567 (2) Delivery to the division is effective only when a record is received by the division.

7568 Section 246. Section **16-20-111**, which is renumbered from Section 48-3a-116 is renumbered
7569 and amended to read:

7570 **[~~48-3a-116~~] 16-20-111 . Reservation of power to amend or repeal.**

7571 The Legislature of this state has power to amend or repeal all or part of this chapter at
7572 any time, and all domestic and foreign limited liability companies subject to this chapter are
7573 governed by the amendment or repeal.

7574 Section 247. Section **16-20-112** is enacted to read:

7575 **16-20-112 . Provisions Applicable to All Business Entities applicable.**

7576 Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of
7577 this chapter.

7578 Section 248. Section **16-20-201**, which is renumbered from Section 48-3a-201 is renumbered
7579 and amended to read:

7580 **Part 2. Formation -- Certificate of Organization and Other Filings**

7581 **[48-3a-201] 16-20-201 . Formation of limited liability company -- Certificate of**
7582 **organization.**

7583 (1) One or more persons may act as organizers to form a limited liability company by
7584 delivering to the division for filing a certificate of organization.

7585 (2) A certificate of organization must state:

7586 (a) the name of the limited liability company, which must comply with Section [
7587 ~~48-3a-108]~~ 16-1a-302;

7588 (b) the street and mailing address of the limited liability company's principal office;

7589 (c) the information required by [~~Subsection 16-17-203(1)]~~ Section 16-1a-404;

7590 (d) if the limited liability company is a low-profit limited liability company, a statement
7591 that the limited liability company is a low-profit limited liability company;

7592 (e) if the limited liability company is a professional services company, the information
7593 required by Section [~~48-3a-1103]~~ 16-20-903; and

7594 (f) if the limited liability company is to have one or more series in which the liabilities
7595 of the series are to be limited as contemplated by [~~Subsection 48-3a-1201(2)]~~
7596 Subsection 16-20-1001(2), notice of the limitation on liability in accordance with
7597 Section [~~48-3a-1202]~~ 16-20-1002.

7598 (3)(a) A certificate of organization may contain statements as to matters other than those
7599 required by Subsection (2), but may not vary or otherwise affect the provisions
7600 specified in Subsection [~~48-3a-112(3)]~~ 16-20-107(3) in a manner inconsistent with
7601 that section.

7602 (b) [-]However, a statement in a certificate of organization is not effective as a statement
7603 of authority.

7604 (4) A limited liability company is formed when the limited liability company's certificate of

7605 organization becomes effective and at least one person becomes a member.

7606 Section 249. Section **16-20-202**, which is renumbered from Section 48-3a-202 is renumbered
7607 and amended to read:

7608 **[48-3a-202] 16-20-202 . Amendment or restatement of certificate of organization.**

7609 (1) A certificate of organization may be amended or restated at any time, except that in
7610 accordance with Section [48-3a-1303] 16-20-1103, a low-profit limited liability company
7611 shall amend [its] the low-profit limited liability company's certificate of organization if
7612 the limited liability company ceases to be a low-profit limited liability company.

7613 (2) To amend [its] a limited liability company's certificate of organization, a limited liability
7614 company must deliver to the division for filing an amendment stating:

7615 (a) the name of the limited liability company;

7616 (b) the date of filing of [its] the limited liability company's initial certificate of
7617 organization; and

7618 (c) the changes the amendment makes to the certificate as most recently amended or
7619 restated.

7620 (3) To restate [its] a limited liability company's certificate of organization, a limited liability
7621 company must deliver to the division for filing a restatement designated as such in [its]
7622 the restatement's heading.

7623 (4) If a member of a member-managed limited liability company, or a manager of a
7624 manager-managed limited liability company, knows that any information in a filed
7625 certificate of organization was inaccurate when the certificate was filed or has become
7626 inaccurate due to changed circumstances, the member or manager shall promptly:

7627 (a) cause the certificate to be amended; or

7628 (b) if appropriate, deliver to the division for filing a statement of change under Section [
7629 16-17-206] 16-1a-407 or a statement of correction under Section [48-3a-208]
7630 16-1a-206.

7631 Section 250. Section **16-20-301**, which is renumbered from Section 48-3a-301 is renumbered
7632 and amended to read:

7633 **Part 3. Relations of Members and Managers to Persons Dealing with a Limited**

7634

Liability Company

7635 **[48-3a-301] 16-20-301 . No agency powers of member as member.**

7636 (1) A member is not an agent of a limited liability company solely by reason of being a

7637 member.

7638 (2) A person's status as a member does not prevent or restrict law other than this chapter
7639 from imposing liability on a limited liability company because of the person's conduct.

7640 Section 251. Section **16-20-302**, which is renumbered from Section 48-3a-302 is renumbered
7641 and amended to read:

7642 **[48-3a-302] 16-20-302 . Statement of authority.**

7643 (1)(a) A limited liability company may deliver to the division for filing a statement of
7644 authority.

7645 (b) [-]The statement:

7646 [(a)] (i) must include the name of the limited liability company and the street and
7647 mailing addresses of [its] the limited liability company's registered agent;

7648 [(b)] (ii) with respect to any position that exists in or with respect to the limited
7649 liability company, may state the authority, or limitations on the authority, of all
7650 persons holding the position to:

7651 [(i)] (A) execute an instrument transferring real property held in the name of the
7652 limited liability company; or

7653 [(ii)] (B) enter into other transactions on behalf of, or otherwise act for or bind, the
7654 limited liability company; and

7655 [(e)] (iii) may state the authority, or limitations on the authority, of a specific person
7656 to:

7657 [(i)] (A) execute an instrument transferring real property held in the name of the
7658 limited liability company; or

7659 [(ii)] (B) enter into other transactions on behalf of, or otherwise act for or bind, the
7660 limited liability company.

7661 (2) To amend or cancel a statement of authority filed by the division, a limited liability
7662 company must deliver to the division for filing an amendment or cancellation stating:

7663 (a) the name of the limited liability company;

7664 (b) the street and mailing addresses of the limited liability company's registered agent;

7665 (c) the date the statement being affected became effective; and

7666 (d) the contents of the amendment or a declaration that the statement is canceled.

7667 (3) A statement of authority affects only the power of a person to bind a limited liability
7668 company to persons that are not members.

7669 (4) Subject to Subsection (3) and [~~Subsection 48-3a-103(4)~~] Subsection 16-20-102(4), and
7670 except as otherwise provided in Subsections (6), (7), and (8), a limitation on the

- 7671 authority of a person or a position contained in an effective statement of authority is not
7672 by itself evidence of knowledge or notice of the limitation by any person.
- 7673 (5) Subject to Subsection (3), a grant of authority not pertaining to transfers of real property
7674 and contained in an effective statement of authority is conclusive in favor of a person
7675 that gives value in reliance on the grant, except to the extent that when the person gives
7676 value:
- 7677 (a) the person has knowledge to the contrary;
- 7678 (b) the statement of authority has been canceled or restrictively amended under
7679 Subsection (2); or
- 7680 (c) a limitation on the grant is contained in another statement of authority that became
7681 effective after the statement of authority containing the grant became effective.
- 7682 (6) Subject to Subsection (3), an effective statement of authority that grants authority to
7683 transfer real property held in the name of the limited liability company and a certified
7684 copy of which is recorded in the office for recording transfers of the real property is
7685 conclusive in favor of a person that gives value in reliance on the grant without
7686 knowledge to the contrary, except to the extent that when the person gives value:
- 7687 (a) the statement of authority has been canceled or restrictively amended under
7688 Subsection (2), and a certified copy of the cancellation or restrictive amendment has
7689 been recorded in the office for recording transfers of the real property; or
- 7690 (b) a limitation on the grant is contained in another statement of authority that became
7691 effective after the statement of authority containing the grant became effective, and a
7692 certified copy of the later-effective statement of authority is recorded in the office for
7693 recording transfers of the real property.
- 7694 (7) Subject to Subsection (3), if a certified copy of an effective statement of authority
7695 containing a limitation on the authority to transfer real property held in the name of a
7696 limited liability company is recorded in the office for recording transfers of that real
7697 property, all persons are deemed to know of the limitation.
- 7698 (8) Subject to Subsection (9), an effective statement of dissolution or termination is a
7699 cancellation of any filed statement of authority for the purposes of Subsection (6) and is
7700 a limitation on authority for the purposes of Subsection (7).
- 7701 (9)(a) After a statement of dissolution becomes effective, a limited liability company
7702 may deliver to the division for filing and, if appropriate, may record a statement of
7703 authority that is designated as a postdissolution statement of authority.
- 7704 (b) [-]The postdissolution statement of authority operates as provided in Subsections (6)

7705 and (7).

7706 (10)(a) Unless earlier canceled, an effective statement of authority is canceled by
7707 operation of law five years after the date on which the statement of authority, or [its-]
7708 the most recent amendment to the statement of authority, becomes effective.

7709 (b) [-]This cancellation operates without need for any recording under Subsection (6) or
7710 (7).

7711 (11) An effective statement of denial operates as a restrictive amendment under this section
7712 and may be recorded by certified copy for purposes of Subsection (6)(a).

7713 Section 252. Section **16-20-303**, which is renumbered from Section 48-3a-303 is renumbered
7714 and amended to read:

7715 **[48-3a-303] 16-20-303 . Statement of denial.**

7716 A person named in a filed statement of authority granting that person authority may
7717 deliver to the division for filing a statement of denial that:

7718 (1) provides the name of the limited liability company and the caption of the statement of
7719 authority to which the statement of denial pertains; and

7720 (2) denies the grant of authority.

7721 Section 253. Section **16-20-304**, which is renumbered from Section 48-3a-304 is renumbered
7722 and amended to read:

7723 **[48-3a-304] 16-20-304 . Liability of members and managers.**

7724 (1)(a) A debt, obligation, or other liability of a limited liability company is solely the
7725 debt, obligation, or other liability of the limited liability company.

7726 (b) [-]A member or manager is not personally liable, directly or indirectly, by way of
7727 contribution or otherwise, for a debt, obligation, or other liability of the limited
7728 liability company solely by reason of being or acting as a member or manager.

7729 (c) [-]This Subsection (1) applies regardless of the dissolution of the limited liability
7730 company.

7731 (2) The failure of a limited liability company to observe formalities relating to the exercise
7732 of [its] the limited liability company's powers or management of [its] the limited liability
7733 company's activities and affairs is not a ground for imposing liability on a member or
7734 manager of the limited liability company for a debt, obligation, or other liability of the
7735 limited liability company.

7736 Section 254. Section **16-20-401**, which is renumbered from Section 48-3a-401 is renumbered
7737 and amended to read:

7738 **Part 4. Relations of Members to Each Other and to a Limited Liability Company**

7739 **[48-3a-401] 16-20-401 . Becoming a member.**

7740 (1)(a) If a limited liability company is to have only one member upon formation, the
7741 person becomes a member as agreed by that person and the organizer of the limited
7742 liability company.

7743 (b) [-]That person and the organizer may be, but need not be, different persons.

7744 (c) [-]If different, the organizer acts on behalf of the initial member.

7745 (2)(a) If a limited liability company is to have more than one member upon formation,
7746 those persons become members as agreed by the persons before the formation of the
7747 limited liability company.

7748 (b) [-]The organizer acts on behalf of the persons in forming the limited liability
7749 company and may be, but need not be, one of the persons.

7750 (3) After formation of a limited liability company, a person becomes a member:

7751 (a) as provided in the operating agreement;

7752 (b) as the result of a transaction effective under[~~Part 10, Merger, Interest Exchange,~~
7753 ~~Conversion, and Domestication~~] :

7754 (i) Chapter 1a, Part 7, Merger;

7755 (ii) Chapter 1a, Part 8, Interest Exchange;

7756 (iii) Chapter 1a, Part 9, Conversion; or

7757 (iv) Chapter 1a, Part 10, Domestication;

7758 (c) with the consent of all the members; or

7759 (d) as provided in Subsection [48-3a-701(3)] 16-20-701(3).

7760 (4) A person may become a member without:

7761 (a) acquiring a transferable interest; or

7762 (b) making or being obligated to make a contribution to the limited liability company.

7763 Section 255. Section **16-20-402**, which is renumbered from Section 48-3a-402 is renumbered
7764 and amended to read:

7765 **[48-3a-402] 16-20-402 . Form of contribution.**

7766 A contribution may consist of property transferred to, services performed for, or another
7767 benefit provided to the limited liability company or an agreement to transfer property to,
7768 perform services for, or provide another benefit to the company.

7769 Section 256. Section **16-20-403**, which is renumbered from Section 48-3a-403 is renumbered
7770 and amended to read:

7771 **[48-3a-403] 16-20-403 . Liability for contributions.**

7772 (1) A person's obligation to make a contribution to a limited liability company is not

7773 excused by the person's death, disability, or other inability to perform personally.

7774 (2) If a person does not fulfill an obligation to make a contribution other than money, the
7775 person is obligated at the option of the limited liability company to contribute money
7776 equal to the value of the part of the contribution which has not been made.

7777 (3)(a) The obligation of a person to make a contribution may be compromised only by
7778 consent of all members.

7779 (b) [-]If a creditor of a limited liability company extends credit or otherwise acts in
7780 reliance on an obligation described in Subsection (1) without notice of a compromise
7781 under this Subsection (3), the creditor may enforce the obligation.

7782 Section 257. Section **16-20-404**, which is renumbered from Section 48-3a-404 is renumbered
7783 and amended to read:

7784 **[48-3a-404] 16-20-404 . Sharing of and right to distributions before dissolution.**

7785 (1) Any distributions made by a limited liability company before [its] the limited liability
7786 company's dissolution and winding up must be in equal shares among members and
7787 persons dissociated as members, except to the extent necessary to comply with a transfer
7788 effective under Section [~~48-3a-502~~] 16-20-502 or charging order in effect under Section [~~48-3a-503~~]
7789 16-20-503.

7790 (2)(a) A person has a right to a distribution before the dissolution and winding up of a
7791 limited liability company only if the limited liability company decides to make an
7792 interim distribution.

7793 (b) [-]A person's dissociation does not entitle the person to a distribution.

7794 (3)(a) A person does not have a right to demand or receive a distribution from a limited
7795 liability company in any form other than money.

7796 (b) [-]Except as otherwise provided in Subsection [~~48-3a-711(4)~~] 16-20-708(4), a limited
7797 liability company may distribute an asset in kind only if each part of the asset is
7798 fungible with each other part and each person receives a percentage of the asset equal
7799 in value to the person's share of distributions.

7800 (4)(a) If a member or transferee becomes entitled to receive a distribution, the member
7801 or transferee has the status of, and is entitled to all remedies available to, a creditor of
7802 the limited liability company with respect to the distribution.

7803 (b) [-]However, the limited liability company's obligation to make a distribution is
7804 subject to offset for any amount owed to the limited liability company by the member
7805 or a person dissociated as a member on whose account the distribution is made.

7806 Section 258. Section **16-20-405**, which is renumbered from Section 48-3a-405 is renumbered

7807 and amended to read:

7808 **[48-3a-405] 16-20-405 . Limitation on distributions.**

7809 (1) A limited liability company may not make a distribution, including a distribution under
7810 Section [48-3a-711] 16-20-708, if after the distribution:

7811 (a) the limited liability company would not be able to pay [its] the limited liability
7812 company's debts as [they] the debts become due in the ordinary course of the limited
7813 liability company's activities and affairs; or

7814 (b) the limited liability company's total assets would be less than the sum of [its] the
7815 limited liability company's total liabilities plus, unless the operating agreement
7816 permits otherwise, the amount that would be needed, if the limited liability company
7817 were to be dissolved and wound up at the time of the distribution, to satisfy the
7818 preferential rights upon dissolution and winding up of members and transferees
7819 whose preferential rights are superior to those of persons receiving the distribution.

7820 (2) A limited liability company may base a determination that a distribution is not
7821 prohibited under Subsection (1) on:

7822 (a) financial statements prepared on the basis of accounting practices and principles that
7823 are reasonable in the circumstances; or

7824 (b) a fair valuation or other method that is reasonable under the circumstances.

7825 (3) Except as otherwise provided in Subsection (5), the effect of a distribution under
7826 Subsection (1) is measured:

7827 (a) in the case of a distribution as defined in Subsection [48-3a-102(4)(a)]
7828 16-20-101(4)(a), as of the earlier of:

7829 (i) the date money or other property is transferred or debt is incurred by the limited
7830 liability company; or

7831 (ii) the date the person entitled to the distribution ceases to own the interest or right
7832 being acquired by the limited liability company in return for the distribution;

7833 (b) in the case of any other distribution of indebtedness, as of the date the indebtedness
7834 is distributed; and

7835 (c) in all other cases, as of the date:

7836 (i) the distribution is authorized, if the payment occurs not later than 120 days after
7837 that date; or

7838 (ii) the payment is made, if the payment occurs more than 120 days after the
7839 distribution is authorized.

7840 (4) A limited liability company's indebtedness to a member or transferee incurred by reason

7841 of a distribution made in accordance with this section is at parity with the limited
7842 liability company's indebtedness to its general, unsecured creditors, except to the extent
7843 subordinated by agreement.

7844 (5)(a) A limited liability company's indebtedness, including indebtedness issued as a
7845 distribution, is not a liability for purposes of Subsection (1) if the terms of the
7846 indebtedness provide that payment of principal and interest is made only if and to the
7847 extent that payment of a distribution could then be made under this section.

7848 (b) [–]If the indebtedness is issued as a distribution, each payment of principal or
7849 interest is treated as a distribution, the effect of which is measured on the date the
7850 payment is made.

7851 (6) In measuring the effect of a distribution under Section [~~48-3a-711~~] 16-20-708, the
7852 liabilities of a dissolved limited liability company do not include any claim that has been
7853 disposed of under Section [~~48-3a-705~~] 16-20-705, [~~48-3a-706~~] 16-20-706, or [~~48-3a-707~~]
7854 16-20-707.

7855 Section 259. Section **16-20-406**, which is renumbered from Section 48-3a-406 is renumbered
7856 and amended to read:

7857 **[~~48-3a-406~~] 16-20-406 . Liability for improper distributions.**

7858 (1) Except as otherwise provided in Subsection (2), if a member of a member-managed
7859 limited liability company or manager of a manager-managed limited liability company
7860 consents to a distribution made in violation of Section [~~48-3a-405~~] 16-20-405 and in
7861 consenting to the distribution fails to comply with Section [~~48-3a-409~~] 16-20-409, the
7862 member or manager is personally liable to the limited liability company for the amount
7863 of the distribution which exceeds the amount that could have been distributed without
7864 the violation of Section [~~48-3a-405~~] 16-20-405.

7865 (2) To the extent the operating agreement of a member-managed limited liability company
7866 expressly relieves a member of the authority and responsibility to consent to
7867 distributions and imposes that authority and responsibility on one or more other
7868 members, the liability stated in Subsection (1) applies to the other members and not the
7869 member that the operating agreement relieves of authority and responsibility.

7870 (3) A person that receives a distribution knowing that the distribution violated Section [~~48-3a-405~~]
7871 16-20-405 is personally liable to the limited liability company but only to the
7872 extent that the distribution received by the person exceeded the amount that could have
7873 been properly paid under Section [~~48-3a-405~~] 16-20-405.

7874 (4) A person against which an action is commenced because the person is liable under

7875 Subsection (1) may:

7876 (a) implead any other person that is liable under Subsection (1) and seek to enforce a
7877 right of contribution from the person; and

7878 (b) implead any person that received a distribution in violation of Subsection (3) and
7879 seek to enforce a right of contribution from the person in the amount the person
7880 received in violation of Subsection (3).

7881 (5) An action under this section is barred unless commenced not later than two years after
7882 the distribution.

7883 Section 260. Section **16-20-407**, which is renumbered from Section 48-3a-407 is renumbered
7884 and amended to read:

7885 **[48-3a-407] 16-20-407 . Management of limited liability company.**

7886 (1) A limited liability company is a member-managed limited liability company unless the
7887 operating agreement:

7888 (a) expressly provides that:

7889 (i) the limited liability company is or will be "manager-managed";

7890 (ii) the limited liability company is or will be "managed by managers"; or

7891 (iii) management of the limited liability company is or will be "vested in managers";

7892 or

7893 (b) includes words of similar import.

7894 (2) In a member-managed limited liability company, the following rules apply:

7895 (a) Except as otherwise provided in this chapter, the management and conduct of the
7896 limited liability company are vested in the members.

7897 (b) Each member has equal rights in the management and conduct of the limited liability
7898 company's activities and affairs.

7899 (c) A difference arising among members as to a matter in the ordinary course of the
7900 activities of the limited liability company shall be decided by a majority of the
7901 members.

7902 (d) An act outside the ordinary course of the activities and affairs of the limited liability
7903 company may be undertaken only with the affirmative vote or consent of all members.

7904 (e) The affirmative vote or consent of all members is required to approve a transaction
7905 under~~[Part 10, Merger, Interest Exchange, Conversion, and Domestication]~~ :

7906 (i) Chapter 1a, Part 7, Merger;

7907 (ii) Chapter 1a, Part 8, Interest Exchange;

7908 (iii) Chapter 1a, Part 9, Conversion; or

- 7909 (iv) Chapter 1a, Part 10, Domestication.
- 7910 (f) The operating agreement may be amended only with the affirmative vote or consent
7911 of all members.
- 7912 (3) In a manager-managed limited liability company, the following rules apply:
- 7913 (a) Except as expressly provided in this chapter, any matter relating to the activities and
7914 affairs of the limited liability company is decided exclusively by the manager, or, if
7915 there is more than one manager, by a majority of the managers.
- 7916 (b) Each manager has equal rights in the management and conduct of the limited liability
7917 company's activities and affairs.
- 7918 (c) The affirmative vote or consent of all members is required to:
- 7919 (i) approve a transaction under~~[Part 10, Merger, Interest Exchange, Conversion, and~~
7920 Domestication] :
- 7921 (A) Chapter 1a, Part 7, Merger;
- 7922 (B) Chapter 1a, Part 8, Interest Exchange;
- 7923 (C) Chapter 1a, Part 9, Conversion; or
- 7924 (D) Chapter 1a, Part 10, Domestication;
- 7925 (ii) undertake any act outside the ordinary course of the limited liability company's
7926 activities and affairs; or
- 7927 (iii) amend the operating agreement.
- 7928 (d) A manager may be chosen at any time by the consent of a majority of the members
7929 and remains a manager until a successor has been chosen, unless the manager at an
7930 earlier time resigns, is removed, or dies, or, in the case of a manager that is not an
7931 individual, terminates. A manager may be removed at any time by the consent of a
7932 majority of the members without notice or cause.
- 7933 (e)(i) A person need not be a member to be a manager, but the dissociation of a
7934 member that is also a manager removes the person as a manager.
- 7935 (ii) ~~[-]~~If a person that is both a manager and a member ceases to be a manager, that
7936 cessation does not by itself dissociate the person as a member.
- 7937 (f) A person's ceasing to be a manager does not discharge any debt, obligation, or other
7938 liability to the limited liability company or members which the person incurred while
7939 a manager.
- 7940 (4) An action requiring the vote or consent of members under this chapter may be taken
7941 without a meeting, and a member may appoint a proxy or other agent to vote, consent, or
7942 otherwise act for the member by signing an appointing record, personally or by the

7943 member's agent.

7944 (5)(a) The dissolution of a limited liability company does not affect the applicability of
7945 this section.

7946 (b) [-]However, a person that wrongfully causes dissolution of the limited liability
7947 company loses the right to participate in management as a member and a manager.

7948 (6) A limited liability company shall reimburse a member for an advance to the limited
7949 liability company beyond the amount of capital the member agreed to contribute.

7950 (7) A payment or advance made by a member which gives rise to an obligation of the
7951 limited liability company under Subsection (6) or Subsection [~~48-3a-408(1)~~]
7952 16-20-408(1) constitutes a loan to the limited liability company which accrues interest
7953 from the date of the payment or advance.

7954 (8) A member is not entitled to remuneration for services performed for a member-managed
7955 limited liability company, except for reasonable compensation for services rendered in
7956 winding up the activities of the limited liability company.

7957 Section 261. Section **16-20-408**, which is renumbered from Section 48-3a-408 is renumbered
7958 and amended to read:

7959 **[~~48-3a-408~~ 16-20-408 . Reimbursement, indemnification, advancement, and**
7960 **insurance.**

7961 (1) A limited liability company shall reimburse a member of a member-managed limited
7962 liability company or the manager of a manager-managed limited liability company for
7963 any payment made by the member or manager in the course of the member's or
7964 manager's activities on behalf of the limited liability company, if the member or
7965 manager complied with Sections [~~48-3a-407~~] 16-20-407 and [~~48-3a-409~~] 16-20-409 in
7966 making the payment.

7967 (2) A limited liability company shall indemnify and hold harmless a person with respect to
7968 any claim or demand against the person and any debt, obligation, or other liability
7969 incurred by the person by reason of the person's former or present capacity as a member
7970 or manager, if the claim, demand, debt, obligation, or other liability does not arise from
7971 the person's breach of Section [~~48-3a-405~~] 16-20-405, [~~48-3a-407~~] 16-20-407, or [~~48-3a-409~~]
7972 16-20-409.

7973 (3) In the ordinary course of its activities and affairs, a limited liability company may
7974 advance reasonable expenses, including attorney's fees and costs, incurred by a person in
7975 connection with a claim or demand against the person by reason of the person's former
7976 or present capacity as a member or manager, if the person promises to repay the limited

7977 liability company if the person ultimately is determined not to be entitled to be
7978 indemnified under Subsection (2).

7979 (4) A limited liability company may purchase and maintain insurance on behalf of a
7980 member or manager of the limited liability company against liability asserted against or
7981 incurred by the member or manager in that capacity or arising from that status even if,
7982 under Subsection [~~48-3a-112(3)(g)~~] 16-20-107(3)(g), the operating agreement could not
7983 eliminate or limit the person's liability to the limited liability company for the conduct
7984 giving rise to the liability.

7985 Section 262. Section **16-20-409**, which is renumbered from Section 48-3a-409 is renumbered
7986 and amended to read:

7987 **[~~48-3a-409~~] 16-20-409 . Standards of conduct for members and managers.**

7988 (1) A member of a member-managed limited liability company owes to the limited liability
7989 company and, subject to Subsection [~~48-3a-801(1)~~] 16-20-801(1), the other members the
7990 duties of loyalty and care stated in Subsections (2) and (3).

7991 (2) The duty of loyalty of a member in a member-managed limited liability company
7992 includes the duties:

7993 (a) to account to the limited liability company and to hold as trustee for it any property,
7994 profit, or benefit derived by the member:

7995 (i) in the conduct or winding up of the limited liability company's activities and
7996 affairs;

7997 (ii) from a use by the member of the limited liability company's property; or

7998 (iii) from the appropriation of a limited liability company opportunity;

7999 (b) to refrain from dealing with the limited liability company in the conduct or winding
8000 up of the limited liability company's activities and affairs as or on behalf of a person
8001 having an interest adverse to the limited liability company; and

8002 (c) to refrain from competing with the limited liability company in the conduct of the
8003 company's activities and affairs before the dissolution of the limited liability
8004 company.

8005 (3) The duty of care of a member of a member-managed limited liability company in the
8006 conduct or winding up of the limited liability company's activities and affairs is to
8007 refrain from engaging in grossly negligent or reckless conduct, intentional misconduct,
8008 or a knowing violation of law.

8009 (4) A member shall discharge the duties and obligations under this chapter or under the
8010 operating agreement and exercise any rights consistently with the contractual obligation

8011 of good faith and fair dealing.

8012 (5) A member does not violate a duty or obligation under this chapter or under the
8013 operating agreement solely because the member's conduct furthers the member's own
8014 interest.

8015 (6) All the members of a member-managed limited liability company or a
8016 manager-managed limited liability company may authorize or ratify, after full disclosure
8017 of all material facts, a specific act or transaction that otherwise would violate the duty of
8018 loyalty.

8019 (7) It is a defense to a claim under Subsection (2)(b) and any comparable claim in equity or
8020 at common law that the transaction was fair to the limited liability company.

8021 (8) If, as permitted by Subsection (6) or (9)(f) or the operating agreement, a member enters
8022 into a transaction with the limited liability company which otherwise would be
8023 prohibited by Subsection (2)(b), the member's rights and obligations arising from the
8024 transaction are the same as those of a person that is not a member.

8025 (9) In a manager-managed limited liability company, the following rules apply:

8026 (a) Subsections (1), (2), (3), and (7) apply to the manager or managers and not the
8027 members.

8028 (b) The duty stated under Subsection (2)(c) continues until winding up is completed.

8029 (c) Subsection (4) applies to managers and members.

8030 (d) Subsection (5) applies only to members.

8031 (e) The power to ratify under Subsection (6) applies only to the members.

8032 (f) Subject to Subsection (4), a member does not have any duty to the limited liability
8033 company or to any other member solely by reason of being a member.

8034 Section 263. Section **16-20-410**, which is renumbered from Section 48-3a-410 is renumbered
8035 and amended to read:

8036 **[48-3a-410] 16-20-410 . Rights of member, manager, and person dissociated as**
8037 **member to information.**

8038 (1) In a member-managed limited liability company, the following rules apply:

8039 (a) On reasonable notice, a member may inspect and copy during regular business hours,
8040 at a reasonable location specified by the limited liability company, any record
8041 maintained by the limited liability company regarding the limited liability company's
8042 activities, affairs, financial condition, and other circumstances, to the extent the
8043 information is material to the member's rights and duties under the operating
8044 agreement or this chapter.

- 8045 (b) The limited liability company shall furnish to each member:
- 8046 (i) without demand, any information concerning the limited liability company's
- 8047 activities, affairs, financial condition, and other circumstances which the limited
- 8048 liability company knows and is material to the proper exercise of the member's
- 8049 rights and duties under the operating agreement or this chapter, except to the
- 8050 extent the limited liability company can establish that it reasonably believes the
- 8051 member already knows the information; and
- 8052 (ii) on demand, any other information concerning the limited liability company's
- 8053 activities, affairs, financial condition, and other circumstances, except to the
- 8054 extent the demand or information demanded is unreasonable or otherwise
- 8055 improper under the circumstances.
- 8056 (c) The duty to furnish information under Subsection (1)(b) also applies to each member
- 8057 to the extent the member knows any of the information described in Subsection (1)(b).
- 8058 (2) In a manager-managed limited liability company, the following rules apply:
- 8059 (a) The informational rights stated in Subsection (1) and the duty stated in Subsection
- 8060 (1)(c) apply to the managers and not the members.
- 8061 (b) During regular business hours and at a reasonable location specified by the limited
- 8062 liability company, a member may inspect and copy full information regarding the
- 8063 activities, affairs, financial condition, and other circumstances of the limited liability
- 8064 company as is just and reasonable if:
- 8065 (i) the member seeks the information for a purpose reasonably related to the
- 8066 member's interest as a member;
- 8067 (ii) the member makes a demand in a record received by the limited liability
- 8068 company, describing with reasonable particularity the information sought and the
- 8069 purpose for seeking the information; and
- 8070 (iii) the information sought is directly connected to the member's purpose.
- 8071 (c) Not later than 10 days after receiving a demand [~~pursuant to~~] in accordance with
- 8072 Subsection (2)(b)(ii), the limited liability company shall in a record inform the
- 8073 member that made the demand of:
- 8074 (i) the information that the limited liability company will provide in response to the
- 8075 demand and when and where the limited liability company will provide the
- 8076 information; and
- 8077 (ii) the limited liability company's reasons for declining, if the limited liability
- 8078 company declines to provide any demanded information.

8079 (d) Whenever this chapter or an operating agreement provides for a member to give or
8080 withhold consent to a matter, before the consent is given or withheld, the limited
8081 liability company shall, without demand, provide the member with all information
8082 that is known to the limited liability company and is material to the member's
8083 decision.

8084 (3) Subject to Subsection (9), on 10 days' demand made in a record received by a limited
8085 liability company, a person dissociated as a member may have access to information to
8086 which the person was entitled while a member if:

8087 (a) the information pertains to the period during which the person was a member;

8088 (b) the person seeks the information in good faith; and

8089 (c) the person satisfies the requirements imposed on a member by Subsection (2)(b).

8090 (4) A limited liability company shall respond to a demand made [~~pursuant to~~] in accordance
8091 with Subsection (3) in the manner provided in Subsection (2)(c).

8092 (5) A limited liability company may charge a person that makes a demand under this
8093 section the reasonable costs of copying, limited to the costs of labor and material.

8094 (6) A member or person dissociated as a member may exercise rights under this section
8095 through an agent or, in the case of an individual under legal disability, a legal
8096 representative. Any restriction or condition imposed by the operating agreement or
8097 under Subsection (9) applies both to the agent or legal representative and the member or
8098 person dissociated as a member.

8099 (7) Subject to Subsection (9), the rights under this section do not extend to a person as
8100 transferee.

8101 (8) If a member dies, Section [~~48-3a-504~~] 16-20-504 applies.

8102 (9)(a) In addition to any restriction or condition stated in the operating agreement, a
8103 limited liability company, as a matter within the ordinary course of its activities and
8104 affairs, may impose reasonable restrictions and conditions on access to and use of
8105 information to be furnished under this section, including designating information
8106 confidential and imposing nondisclosure and safeguarding obligations on the
8107 recipient.

8108 (b) [-]In a dispute concerning the reasonableness of a restriction under this Subsection
8109 (9), the limited liability company has the burden of proving reasonableness.

8110 Section 264. Section **16-20-501**, which is renumbered from Section 48-3a-501 is renumbered
8111 and amended to read:

8112 **Part 5. Transferable Interests and Rights of Transferees and Creditors**

8113 **[~~48-3a-501~~ 16-20-501 . Nature of transferable interest.**

8114 A transferable interest is personal property.

8115 Section 265. Section **16-20-502**, which is renumbered from Section 48-3a-502 is renumbered
8116 and amended to read:8117 **[~~48-3a-502~~ 16-20-502 . Transfer of transferable interest.**8118 (1) Subject to Subsection [~~48-3a-503(6)~~ 16-20-503(6)], a transfer, in whole or in part, of a
8119 transferable interest:

8120 (a) is permissible;

8121 (b) does not by itself cause a member's dissociation or a dissolution and winding up of
8122 the limited liability company's activities and affairs; and8123 (c) subject to Section [~~48-3a-504~~ 16-20-504], does not entitle the transferee to:8124 (i) participate in the management or conduct of the limited liability company's
8125 activities and affairs; or8126 (ii) except as otherwise provided in Subsection (3), have access to records or other
8127 information concerning the limited liability company's activities and affairs.8128 (2) A transferee has the right to receive, in accordance with the transfer, distributions to
8129 which the transferor would otherwise be entitled.8130 (3) In a dissolution and winding up of a limited liability company, a transferee is entitled to
8131 an account of the limited liability company's transactions only from the date of
8132 dissolution.8133 (4) A transferable interest may be evidenced by a certificate of the interest issued by the
8134 limited liability company in a record, and, subject to this section, the interest represented
8135 by the certificate may be transferred by a transfer of the certificate.8136 (5) A limited liability company need not give effect to a transferee's rights under this
8137 section until the limited liability company knows or has notice of the transfer.8138 (6) A transfer of a transferable interest in violation of a restriction on transfer contained in
8139 the operating agreement is ineffective as to a person having knowledge or notice of the
8140 restriction at the time of transfer.8141 (7) Except as otherwise provided in Subsection [~~48-3a-602(5)(b)~~ 16-20-602(5)(b)], if a
8142 member transfers a transferable interest, the transferor retains the rights of a member
8143 other than the transferable interest transferred and retains all the duties and obligations
8144 of a member.8145 (8) If a member transfers a transferable interest to a person that becomes a member with
8146 respect to the transferred interest, the transferee is liable for the member's obligations

8147 under Section [~~48-3a-403~~] 16-20-403 and Subsection [~~48-3a-406(3)~~] 16-20-406(3) known
8148 to the transferee when the transferee becomes a member.

8149 Section 266. Section **16-20-503**, which is renumbered from Section 48-3a-503 is renumbered
8150 and amended to read:

8151 **[~~48-3a-503~~] 16-20-503 . Charging order.**

8152 (1)(a) On application by a judgment creditor of a member or transferee, a court may
8153 enter a charging order against the transferable interest of the judgment debtor for the
8154 unsatisfied amount of the judgment.

8155 (b) [~~-~~]Except as otherwise provided in Subsection (6), a charging order constitutes a lien
8156 on a judgment debtor's transferable interest and, after the limited liability company
8157 has been served with the charging order, requires the limited liability company to pay
8158 over to the person to which the charging order was issued any distribution that
8159 otherwise would be paid to the judgment debtor.

8160 (2) To the extent necessary to effectuate the collection of distributions [~~pursuant to~~] in
8161 accordance with a charging order in effect under Subsection (1), the court may:

8162 (a) appoint a receiver of the distributions subject to the charging order, with the power to
8163 make all inquiries the judgment debtor might have made; and

8164 (b) make all other orders necessary to give effect to the charging order.

8165 (3)(a) Upon a showing that distributions under a charging order will not pay the
8166 judgment debt within a reasonable time, the court may foreclose the lien and order
8167 the sale of the transferable interest.

8168 (b) [~~-~~]Except as otherwise provided in Subsection (6), the purchaser at the foreclosure
8169 sale only obtains the transferable interest, does not thereby become a member, and is
8170 subject to Section [~~48-3a-502~~] 16-20-502.

8171 (4) At any time before foreclosure under Subsection (3), the member or transferee whose
8172 transferable interest is subject to a charging order under Subsection (1) may extinguish
8173 the charging order by satisfying the judgment and filing a certified copy of the
8174 satisfaction with the court that issued the charging order.

8175 (5) At any time before foreclosure under Subsection (3), a limited liability company or one
8176 or more members whose transferable interests are not subject to the charging order may
8177 pay to the judgment creditor the full amount due under the judgment and thereby
8178 succeed to the rights of the judgment creditor, including the charging order.

8179 (6) If a court orders foreclosure of a charging order lien against the sole member of a
8180 limited liability company:

- 8181 (a) the court shall confirm the sale;
- 8182 (b) the purchaser at the sale obtains the member's entire interest, not only the member's
- 8183 transferable interest;
- 8184 (c) the purchaser thereby becomes a member; and
- 8185 (d) the person whose interest was subject to the foreclosed charging order is dissociated
- 8186 as a member.

8187 (7) This chapter does not deprive any member or transferee of the benefit of any exemption

8188 laws applicable to the transferable interest of the member or transferee.

8189 (8) This section provides the exclusive remedy by which a person seeking to enforce a

8190 judgment against a member or transferee may, in the capacity of judgment creditor,

8191 satisfy the judgment from the judgment debtor's transferable interest.

8192 Section 267. Section **16-20-504**, which is renumbered from Section 48-3a-504 is renumbered

8193 and amended to read:

8194 **[48-3a-504] 16-20-504 . Power of legal representative of deceased member.**

8195 If a member dies, the deceased member's legal representative may exercise:

- 8196 (1) the rights of a transferee provided in Subsection [~~48-3a-502(3)~~] 16-20-502(3); and
- 8197 (2) for the purposes of settling the estate, the rights the deceased member had under Section [~~48-3a-410~~] 16-20-410.

8199 Section 268. Section **16-20-601**, which is renumbered from Section 48-3a-601 is renumbered

8200 and amended to read:

8201 **Part 6. Dissociation**

8202 **[48-3a-601] 16-20-601 . Power to dissociate as member -- Wrongful dissociation.**

- 8203 (1) A person has the power to dissociate as a member at any time, rightfully or wrongfully,
- 8204 by withdrawing as a member by express will under Subsection [~~48-3a-602(1)~~]
- 8205 16-20-602(1).
- 8206 (2) A person's dissociation as a member is wrongful only if the dissociation:
- 8207 (a) is in breach of an express provision of the operating agreement; or
- 8208 (b) occurs before the completion of the winding up of the limited liability company and:
- 8209 (i) the person withdraws as a member by express will;
- 8210 (ii) the person is expelled as a member by judicial order under Subsection [~~48-3a-602(6)~~]
- 8211 16-20-602(6);
- 8212 (iii) the person is dissociated under Subsection [~~48-3a-602(8)~~] 16-20-602(8); or
- 8213 (iv) in the case of a person that is not a trust other than a business trust, an estate, or
- 8214 an individual, the person is expelled or otherwise dissociated as a member because

8215 it willfully dissolved or terminated.

8216 (3)(a) A person that wrongfully dissociates as a member is liable to the limited liability
8217 company and, subject to Section [~~48-3a-801~~] 16-20-801, to the other members for
8218 damages caused by the dissociation.

8219 (b) [-]The liability is in addition to any debt, obligation, or other liability of the member
8220 to the limited liability company or the other members.

8221 Section 269. Section **16-20-602**, which is renumbered from Section 48-3a-602 is renumbered
8222 and amended to read:

8223 **[48-3a-602] 16-20-602 . Events causing dissociation.**

8224 A person is dissociated as a member when:

8225 (1) the limited liability company has notice of the person's express will to withdraw as a
8226 member, but, if the person specified a withdrawal date later than the date the limited
8227 liability company had notice, on that later date;

8228 (2) an event stated in the operating agreement as causing the person's dissociation occurs;

8229 (3) the person's entire interest is transferred in a foreclosure sale under Subsection [
8230 ~~48-3a-503(6)~~] 16-20-503(6);

8231 (4) the person is expelled as a member [~~pursuant to~~] in accordance with the operating
8232 agreement;

8233 (5) the person is expelled as a member by the unanimous consent of the other members if:

8234 (a) it is unlawful to carry on the limited liability company's activities and affairs with the
8235 person as a member;

8236 (b) there has been a transfer of all the person's transferable interest in the limited liability
8237 company, other than:

8238 (i) a transfer for security purposes; or

8239 (ii) a charging order in effect under Section [~~48-3a-503~~] 16-20-503 which has not
8240 been foreclosed;

8241 (c) the person is a corporation, and:

8242 (i) the limited liability company notifies the person that [~~it~~] the person will be
8243 expelled as a member because the person has filed a statement of dissolution or
8244 the equivalent, [~~its~~] the person's charter has been revoked, or [~~its~~] the person's right
8245 to conduct business has been suspended by the jurisdiction of [~~its~~] the person's
8246 incorporation; and

8247 (ii) not later than 90 days after the notification the statement of dissolution or the
8248 equivalent has not been revoked or [~~its~~] the person's charter or right to conduct

- 8249 business has not been reinstated; or
- 8250 (d) the person is an unincorporated entity that has been dissolved and whose business is
- 8251 being wound up;
- 8252 (6) on application by the limited liability company or a member in a direct action under
- 8253 Section [~~48-3a-801~~] 16-20-801, the person is expelled as a member by judicial order
- 8254 because the person:
- 8255 (a) has engaged or is engaging in wrongful conduct that has affected adversely and
- 8256 materially, or will affect adversely and materially, the limited liability company's
- 8257 activities and affairs;
- 8258 (b) has committed willfully or persistently, or is committing willfully or persistently, a
- 8259 material breach of the operating agreement or a duty or obligation under Section [
- 8260 ~~48-3a-409~~] 16-20-409; or
- 8261 (c) has engaged or is engaging in conduct relating to the limited liability company's
- 8262 activities and affairs which makes it not reasonably practicable to carry on the
- 8263 activities and affairs with the person as a member;
- 8264 (7) in the case of an individual:
- 8265 (a) the individual dies; or
- 8266 (b) in a member-managed limited liability company:
- 8267 (i) a guardian or general conservator for the individual is appointed; or
- 8268 (ii) a court orders that the individual has otherwise become incapable of performing
- 8269 the individual's duties as a member under this chapter or the operating agreement;
- 8270 (8) in a member-managed limited liability company, the person:
- 8271 (a) becomes a debtor in bankruptcy;
- 8272 (b) executes an assignment for the benefit of creditors; or
- 8273 (c) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or
- 8274 liquidator of the person or of all or substantially all the person's property;
- 8275 (9) in the case of a person that is a testamentary or inter vivos trust or is acting as a member
- 8276 by virtue of being a trustee of such a trust, the trust's entire transferable interest in the
- 8277 limited liability company is distributed;
- 8278 (10) in the case of a person that is an estate or is acting as a member by virtue of being a
- 8279 personal representative of an estate, the estate's entire transferable interest in the limited
- 8280 liability company is distributed, but not merely by reason of substitution of a successor
- 8281 personal representative;
- 8282 (11) in the case of a person that is not an individual, corporation, unincorporated entity,

- 8283 trust, or estate, the existence of the person terminates;
- 8284 (12) the limited liability company participates in a merger under [~~Part 10, Merger, Interest~~
 8285 ~~Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, and:
- 8286 (a) the limited liability company is not the surviving entity; or
- 8287 (b) otherwise as a result of the merger, the person ceases to be a member;
- 8288 (13) the limited liability company participates in an interest exchange under [~~Part 10,~~
 8289 ~~Merger, Interest Exchange, Conversion, and Domestication~~] Part 8, Interest Exchange,
 8290 and, as a result of the interest exchange, the person ceases to be a member;
- 8291 (14) the limited liability company participates in a conversion under [~~Part 10, Merger,~~
 8292 ~~Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 9, Conversion;
- 8293 (15) the limited liability company participates in a domestication under [~~Part 10, Merger,~~
 8294 ~~Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 10, Domestication,
 8295 and, as a result of the domestication, the person ceases to be a member; or
- 8296 (16) the limited liability company dissolves and completes winding up.

8297 Section 270. Section **16-20-603**, which is renumbered from Section 48-3a-603 is renumbered
 8298 and amended to read:

8299 **[~~48-3a-603~~] 16-20-603 . Effect of dissociation.**

- 8300 (1) If a person is dissociated as a member:
- 8301 (a) the person's right to participate as a member in the management and conduct of the
 8302 company's activities and affairs terminates;
- 8303 (b) if the limited liability company is member-managed, the person's duties and
 8304 obligations under Section [~~48-3a-409~~] 16-20-409 as a member end with regard to
 8305 matters arising and events occurring after the person's dissociation; and
- 8306 (c) subject to Section [~~48-3a-504~~] 16-20-504 and [~~Part 10, Merger, Interest Exchange,~~
 8307 ~~Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8,
 8308 Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10,
 8309 Domestication, any transferable interest owned by the person in the person's capacity
 8310 as a member immediately before dissociation as a member is owned by the person
 8311 solely as a transferee.
- 8312 (2) A person's dissociation as a member does not of itself discharge the person from any
 8313 debt, obligation, or other liability to the limited liability company or the other members
 8314 which the person incurred while a member.

8315 Section 271. Section **16-20-701**, which is renumbered from Section 48-3a-701 is renumbered
 8316 and amended to read:

8317

Part 7. Dissolution and Winding Up

8318

[48-3a-701] 16-20-701 . Events causing dissolution.

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A limited liability company is dissolved, and [its] the limited liability company's activities and affairs must be wound up, upon the occurrence of any of the following:

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(1) an event, circumstance, or date that the certificate of organization or operating agreement states causes dissolution;

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(2) the consent of all the members;

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(3) the passage of 90 consecutive days during which the limited liability company has no members unless:

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8326

(a) consent to admit at least one specified person as a member is given by transferees

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owning the rights to receive a majority of distributions as transferees at the time the

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consent is to be effective; and

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(b) at least one person becomes a member in accordance with the consent;

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(4) upon a petition brought by a member, the entry of a court order dissolving the limited liability company on the grounds that:

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(a) the conduct of all or substantially all of the limited liability company's activities and affairs is unlawful; or

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(b) it is not reasonably practicable to carry on the limited liability company's activities and affairs in conformity with the certificate of organization and the operating

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8336

agreement;

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(5) upon a petition brought by a member, the entry of a court order dissolving the limited liability company on the grounds that the managers or those members in control of the

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limited liability company:

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(a) have acted, are acting, or will act in a manner that is illegal or fraudulent; or

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(b) have acted, are acting, or will act in a manner that is oppressive and was, is, or will be directly harmful to the applicant; or

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8343

(6) the signing and filing of a statement of administrative dissolution by the division under [~~Subsection 48-3a-708(3)~~ Section 16-1a-603.

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Section 272. Section **16-20-702**, which is renumbered from Section 48-3a-702 is renumbered and amended to read:

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[48-3a-702] 16-20-702 . Election to purchase in lieu of dissolution.

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(1)(a) In a proceeding under Subsection [48-3a-701(5)] 16-20-701(5) to dissolve a

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limited liability company, the limited liability company may elect or, if the limited

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liability company fails to elect, one or more members may elect to purchase the

- 8351 interest in the limited liability company owned by the applicant member at the fair
8352 market value of the interest, determined as provided in this section.
- 8353 (b) An election [~~pursuant to~~] in accordance with this Subsection (1) is irrevocable unless
8354 a court determines that it is equitable to set aside or modify the election.
- 8355 (2)(a) An election to purchase [~~pursuant to~~] in accordance with this section may be filed
8356 with a court at any time within 90 days after the filing of the petition in a proceeding
8357 under Subsection [~~48-3a-701(5)~~] 16-20-701(5) or at any later time as the court in the
8358 court's discretion may allow.
- 8359 (b) If the limited liability company files an election with a court within the 90-day
8360 period, or at any later time allowed by the court, to purchase the interest in the
8361 limited liability company owned by the applicant member, the limited liability
8362 company shall purchase the interest in the manner provided in this section.
- 8363 (3)(a) If the limited liability company does not file an election with a court within the
8364 time period, but an election to purchase the interest in the limited liability company
8365 owned by the applicant member is filed by one or more members within the time
8366 period, the limited liability company shall, within 10 days after the later of the end of
8367 the time period allowed for the filing of elections to purchase under this section or
8368 notification from the court of an election by members to purchase the interest in the
8369 limited liability company owned by the applicant member as provided in this section,
8370 give written notice of the election to purchase to all members of the limited liability
8371 company, other than the applicant member.
- 8372 (b) The notice shall state the name and the percentage interest in the limited liability
8373 company owned by the applicant member and the name and the percentage interest in
8374 the limited liability company owned by each electing member.
- 8375 (c) The notice shall advise any recipients who have not participated in the election of
8376 their right to join in the election to purchase the interest in the limited liability
8377 company in accordance with this section and of the date by which any notice of intent
8378 to participate must be filed with the court.
- 8379 (4) Members who wish to participate in the purchase of the interest in the limited liability
8380 company of the applicant member must file notice of their intention to join in the
8381 purchase by electing members no later than 30 days after the effective date of the limited
8382 liability company's notice of their right to join in the election to purchase.
- 8383 (5) All members who have filed with the court an election or notice of their intention to
8384 participate in the election to purchase the interest in the limited liability company of the

8385 applicant member thereby become irrevocably obligated to participate in the purchase of
8386 the interest from the applicant member upon the terms and conditions of this section,
8387 unless the court otherwise directs.

8388 (6) After an election has been filed by the limited liability company or one or more
8389 members, the proceedings under Subsection [~~48-3a-701(5)~~] 16-20-701(5) may not be
8390 discontinued or settled, nor may the applicant member sell or otherwise dispose of the
8391 applicant member's interest in the limited liability company, unless the court determines
8392 that it would be equitable to the limited liability company and the members, other than
8393 the applicant member, to permit any discontinuance, settlement, sale, or other
8394 disposition.

8395 (7) If, within 60 days after the earlier of the limited liability company filing of an election
8396 to purchase the interest in the limited liability company of the applicant member or the
8397 limited liability company's mailing of a notice to [its] the limited liability company's
8398 members of the filing of an election by the members to purchase the interest in the
8399 limited liability company of the applicant member, the applicant member and electing
8400 limited liability company or members reach agreement as to the fair market value and
8401 terms of the purchase of the applicant member's interest, the court shall enter an order
8402 directing the purchase of the applicant member's interest, upon the terms and conditions
8403 agreed to by the parties.

8404 (8) If the parties are unable to reach an agreement as provided for in Subsection (7), upon
8405 application of any party, the court shall stay the proceedings under Subsection [~~48-3a-701(5)~~]
8406 16-20-701(5) and determine the fair market value of the applicant
8407 member's interest in the limited liability company as of the day before the date on which
8408 the petition under Subsection [~~48-3a-701(5)~~] 16-20-701(5) was filed or as of any other
8409 date the court determines to be appropriate under the circumstances and based on the
8410 factors the court determines to be appropriate.

8411 (9)(a) Upon determining the fair market value of the interest in the limited liability
8412 company of the applicant member, the court shall enter an order directing the
8413 purchase of the interest in the limited liability company upon terms and conditions
8414 the court determines to be appropriate.

8415 (b) The terms and conditions may include payment of the purchase price in installments,
8416 where necessary in the interest of equity, provision for security to assure payment of
8417 the purchase price and any additional costs, fees, and expenses awarded by the court,
8418 and an allocation of the interest in the limited liability company among members if

- 8419 the interest in the limited liability company is to be purchased by members.
- 8420 (10)(a) In allocating the applicant member's interest in the limited liability company
- 8421 among holders of different classes of members, the court shall attempt to preserve the
- 8422 existing distribution of voting rights among member classes to the extent practicable.
- 8423 (b) The court may direct that holders of a specific class or classes may not participate in
- 8424 the purchase.
- 8425 (c) The court may not require any electing member to purchase more of the interest in
- 8426 the limited liability company owned by the applicant member than the percentage
- 8427 interest that the purchasing member may have set forth in the purchasing member's
- 8428 election or notice of intent to participate filed with the court.
- 8429 (11)(a) Interest may be allowed at the rate and from the date determined by the court to
- 8430 be equitable.
- 8431 (b) However, if the court finds that the refusal of the applicant member to accept an offer
- 8432 of payment was arbitrary or otherwise not in good faith, interest may not be allowed.
- 8433 (12) If the court finds that the applicant member had probable ground for relief under
- 8434 Subsection ~~[48-3a-701(5)]~~ 16-20-701(5), the court may award to the applicant member
- 8435 reasonable fees and expenses of counsel and experts employed by the applicant member.
- 8436 (13)(a) Upon entry of an order under Subsection (7) or (9), the court shall dismiss the
- 8437 petition to dissolve the limited liability company under Subsection ~~[48-3a-701(5)]~~
- 8438 16-20-701(5) and the applicant member shall no longer have any rights or status as a
- 8439 member of the limited liability company, except the right to receive the amounts
- 8440 awarded to the applicant member by the court.
- 8441 (b) The award is enforceable in the same manner as any other judgment.
- 8442 (14)(a) The purchase ordered ~~[pursuant to]~~ in accordance with Subsection (9) shall be
- 8443 made within 10 days after the date the order becomes final, unless before that time
- 8444 the limited liability company files with the court a notice of the limited liability
- 8445 company's intention to file a statement of dissolution.
- 8446 (b) The statement of dissolution must then be adopted and filed within 60 days after
- 8447 notice.
- 8448 (15)(a) Upon filing of a statement of dissolution, the limited liability company is
- 8449 dissolved and shall be wound up ~~[pursuant to]~~ in accordance with Section ~~[48-3a-703]~~
- 8450 48-20-703, and the order entered ~~[pursuant to]~~ in accordance with Subsection (9) is no
- 8451 longer of any force or effect.
- 8452 (b) However, the court may award the applicant member reasonable fees and expenses

8453 in accordance with Subsection (12).

8454 (c) The applicant member may continue to pursue any claims previously asserted on
8455 behalf of the limited liability company.

8456 (16) Any payment by the limited liability company [~~pursuant to~~] in accordance with an
8457 order under Subsection (7) or (9), other than an award of fees and expenses [~~pursuant to~~]
8458 in accordance with Subsection (12), is subject to the provisions of Sections [~~48-3a-405~~]
8459 16-20-405 and [~~48-3a-406~~] 16-20-406.

8460 Section 273. Section **16-20-703**, which is renumbered from Section 48-3a-703 is renumbered
8461 and amended to read:

8462 **~~[48-3a-703]~~ 16-20-703 . Winding up.**

8463 (1)(a) A dissolved limited liability company shall wind up the limited liability
8464 company's activities and affairs.

8465 (b) Except as otherwise provided in Section [~~48-3a-704~~] 16-20-704, the limited liability
8466 company only continues after dissolution for the purpose of winding up.

8467 (2) In winding up the limited liability company's activities and affairs, a limited liability
8468 company:

8469 (a) shall discharge the limited liability company's debts, obligations, and other liabilities,
8470 settle and close the limited liability company's activities and affairs, and marshal and
8471 distribute the assets of the limited liability company; and

8472 (b) may:

8473 (i) deliver to the division for filing a statement of dissolution stating the name of the
8474 limited liability company and that the limited liability company is dissolved;

8475 (ii) preserve the limited liability company activities, affairs, and property as a going
8476 concern for a reasonable time;

8477 (iii) prosecute and defend actions and proceedings, whether civil, criminal, or
8478 administrative;

8479 (iv) transfer the limited liability company's property;

8480 (v) settle disputes by mediation or arbitration;

8481 (vi) deliver to the division for filing a statement of termination stating the name of the
8482 limited liability company and that the limited liability company is terminated; and

8483 (vii) perform other acts necessary or appropriate to the winding up.

8484 (3)(a) If a dissolved limited liability company has no members, the legal representative
8485 of the last person to have been a member may wind up the activities and affairs of the
8486 limited liability company.

8487 (b) If the person does so, the person has the powers of a sole manager under Subsection [
 8488 ~~48-3a-407(3)~~ 16-20-407(3) and is deemed to be a manager for the purposes of
 8489 Subsection [~~48-3a-304(1)~~ 16-20-304(1)].

8490 (4)(a) If the legal representative under Subsection (3) declines or fails to wind up the
 8491 limited liability company's activities and affairs, a person may be appointed to do so
 8492 by the consent of transferees owning a majority of the rights to receive distributions
 8493 as transferees at the time the consent is to be effective.

8494 (b) [-]A person appointed under this Subsection (4):

8495 [(a)] (i) has the powers of a sole manager under Subsection [~~48-3a-407(3)~~
 8496 16-20-407(3)] and is deemed to be a manager for the purposes of Subsection [
 8497 ~~48-3a-304(1)~~ 16-20-304(1)]; and

8498 [(b)] (ii) shall promptly deliver to the division for filing an amendment to the limited
 8499 liability company's certificate of organization stating:

8500 [(i)] (A) that the limited liability company has no members;

8501 [(ii)] (B) the name and street and mailing addresses of the person; and

8502 [(iii)] (C) that the person has been appointed [~~pursuant to~~] in accordance with this
 8503 subsection to wind up the limited liability company.

8504 (5) A court may order judicial supervision of the winding up of a dissolved limited liability
 8505 company, including the appointment of a person to wind up the limited liability
 8506 company's activities and affairs:

8507 (a) upon a petition by a member if the member establishes good cause;

8508 (b) upon a petition by a transferee if:

8509 (i) the company does not have any members;

8510 (ii) the legal representative of the last person to have been a member declines or fails
 8511 to wind up the limited liability company's activities; and

8512 (iii) within a reasonable time following the dissolution a person has not been
 8513 appointed [~~pursuant to~~] in accordance with Subsection (4); or

8514 (c) in connection with a proceeding under Subsection [~~48-3a-701(4)~~ 16-20-701(4)] or (5).

8515 Section 274. Section **16-20-704**, which is renumbered from Section 48-3a-704 is renumbered
 8516 and amended to read:

8517 **[48-3a-704] 16-20-704 . Rescinding dissolution.**

8518 (1) A limited liability company may rescind the limited liability company's dissolution,
 8519 unless a statement of termination applicable to the limited liability company is effective,
 8520 a court has entered an order under Subsection [~~48-3a-701(4)~~ 16-20-701(4)] or (5)

8521 dissolving the limited liability company, or the division has dissolved the limited
8522 liability company under Section [~~48-3a-708~~] 16-1a-603.

8523 (2) Rescinding dissolution under this section requires:

8524 (a) the consent of each member;

8525 (b) if a statement of dissolution applicable to the limited liability company has been filed
8526 by the division but has not become effective, the delivery to the division for filing of
8527 a statement of withdrawal under Section [~~48-3a-207~~] 16-1a-205 applicable to the
8528 statement of dissolution; and

8529 (c) if a statement of dissolution applicable to the limited liability company is effective,
8530 the delivery to the division for filing of a statement of correction under Section [
8531 ~~48-3a-208~~] 16-1a-206 stating that dissolution has been rescinded under this section.

8532 (3) If a limited liability company rescinds [~~its~~] the limited liability company's dissolution:

8533 (a) the limited liability company resumes carrying on [~~its~~] the limited liability company's
8534 activities and affairs as if dissolution had never occurred;

8535 (b) subject to Subsection (3)(c), any liability incurred by the limited liability company
8536 after the dissolution and before the rescission is effective is determined as if
8537 dissolution had never occurred; and

8538 (c) the rights of a third party arising out of conduct in reliance on the dissolution before
8539 the third party knew or had notice of the rescission may not be adversely affected.

8540 Section 275. Section **16-20-705**, which is renumbered from Section 48-3a-705 is renumbered
8541 and amended to read:

8542 **[~~48-3a-705~~] 16-20-705 . Known claims against dissolved limited liability company.**

8543 (1) A dissolved limited liability company in winding up may dispose of the known claims
8544 against it by following the procedures described in this section.

8545 (2)(a) A limited liability company in winding up, electing to dispose of known claims [
8546 ~~pursuant to~~] in accordance with this section, may give written notice of the limited
8547 liability company's dissolution to known claimants at any time after the effective date
8548 of the dissolution.

8549 (b) [-]The written notice must:

8550 [(a)] (i) describe the information that must be included in a claim;

8551 [(b)] (ii) provide an address to which written notice of any claim must be given to the
8552 limited liability company;

8553 [(c)] (iii) state the deadline, which may not be fewer than 120 days after the effective
8554 date of the notice, by which the dissolved limited liability company must receive

- 8555 the claim; and
- 8556 ~~[(d)]~~ (iv) state that, unless sooner barred by another state statute limiting actions, the
- 8557 claim will be barred if not received by the deadline.
- 8558 (3) Unless sooner barred by another state statute limiting actions, a claim against the
- 8559 dissolved limited liability company is barred if:
- 8560 (a) a claimant was given notice under Subsection (2) and the claim is not received by the
- 8561 dissolved limited liability company by the deadline; or
- 8562 (b) the dissolved limited liability company delivers to the claimant written notice of
- 8563 rejection of the claim within 90 days after receipt of the claim and the claimant
- 8564 whose claim was rejected by the dissolved limited liability company does not
- 8565 commence a proceeding to enforce the claim within 90 days after the effective date of
- 8566 the rejection notice.
- 8567 (4) Claims which are not rejected by the dissolved limited liability company in writing
- 8568 within 90 days after receipt of the claim by the dissolved limited liability company shall
- 8569 be considered approved.
- 8570 (5) The failure of the dissolved limited liability company to give notice to any known
- 8571 claimant ~~[pursuant to]~~ in accordance with Subsection (2) does not affect the disposition
- 8572 under this section of any claim held by any other known claimant.
- 8573 (6) This section does not apply to a claim based on an event occurring after the effective
- 8574 date of dissolution or a liability that on that date is contingent.

8575 Section 276. Section **16-20-706**, which is renumbered from Section 48-3a-706 is renumbered

8576 and amended to read:

8577 ~~[48-3a-706]~~ **16-20-706 . Other claims against dissolved limited liability company.**

- 8578 (1) A dissolved limited liability company may publish notice of ~~[its]~~ the dissolved limited
- 8579 liability company dissolution and request persons having claims against the limited
- 8580 liability company to present them in accordance with the notice.
- 8581 (2) A notice under Subsection (1) must:
- 8582 (a) be published at least once in a newspaper of general circulation in the county in this
- 8583 state in which the dissolved limited liability company's principal office is located or,
- 8584 if the principal office is not located in this state, in the county in which the office of
- 8585 the limited liability company's registered agent is or was last located and in
- 8586 accordance with Section 45-1-101;
- 8587 (b) describe the information required to be contained in a claim, state that the claim must
- 8588 be in writing, and provide a mailing address to which the claim is to be sent; and

- 8589 (c) state that a claim against the limited liability company is barred unless an action to
 8590 enforce the claim is commenced not later than three years after publication of the
 8591 notice.
- 8592 (3) If a dissolved limited liability company publishes a notice in accordance with
 8593 Subsection (2), the claim of each of the following claimants is barred unless the claimant
 8594 commences an action to enforce the claim against the limited liability company not later
 8595 than three years after the publication date of the notice:
- 8596 (a) a claimant that did not receive notice in a record under Section [~~48-3a-705~~] 16-20-705;
 8597 (b) a claimant whose claim was timely sent to the limited liability company but not acted
 8598 on; and
 8599 (c) a claimant whose claim is contingent at, or based on an event occurring after, the
 8600 effective date of dissolution.
- 8601 (4) A claim not barred under this section or Section [~~48-3a-705~~] 16-20-705 may be enforced:
 8602 (a) against a dissolved limited liability company, to the extent of [~~its~~] the dissolved
 8603 limited liability company's undistributed assets; and
 8604 (b) except as otherwise provided in Section [~~48-3a-707~~] 16-20-707, if assets of the
 8605 limited liability company have been distributed after dissolution, against a member or
 8606 transferee to the extent of that person's proportionate share of the claim or of the
 8607 limited liability company's assets distributed to the member or transferee after
 8608 dissolution, whichever is less, but a person's total liability for all claims under this
 8609 subsection may not exceed the total amount of assets distributed to the person after
 8610 dissolution.

8611 Section 277. Section **16-20-707**, which is renumbered from Section 48-3a-707 is renumbered
 8612 and amended to read:

8613 **[~~48-3a-707~~] 16-20-707 . Court proceedings.**

- 8614 (1)(a) A dissolved limited liability company that has published a notice under Section [
 8615 ~~48-3a-706~~] 16-20-706 may petition a court with jurisdiction under Title 78A,
 8616 Judiciary and Judicial Administration, for a determination of the amount and form of
 8617 security to be provided for payment of claims that are contingent, have not been
 8618 made known to the limited liability company, or are based on an event occurring after
 8619 the effective date of dissolution but which, based on the facts known to the dissolved
 8620 limited liability company, are reasonably expected to arise after the effective date of
 8621 dissolution.
- 8622 (b) Security is not required for any claim that is or is reasonably anticipated to be barred

8623 under Subsection [~~48-3a-706(3)~~] 16-20-706(3).

8624 (2) No later than 10 days after the filing of an application under Subsection (1), the
8625 dissolved limited liability company shall give notice of the proceeding to each claimant
8626 holding a contingent claim known to the limited liability company.

8627 (3)(a) In any proceeding under this section, the court may appoint a guardian ad litem to
8628 represent all claimants whose identities are unknown.

8629 (b) The reasonable fees and expenses of the guardian, including all reasonable expert
8630 witness fees, must be paid by the dissolved limited liability company.

8631 (4) A dissolved limited liability company that provides security in the amount and form
8632 ordered by the court under Subsection (1) satisfies the limited liability company's
8633 obligations with respect to claims that are contingent, have not been made known to the
8634 limited liability company, or are based on an event occurring after the effective date of
8635 dissolution, and such claims may not be enforced against a member or transferee that
8636 received assets in liquidation.

8637 Section 278. Section **16-20-708**, which is renumbered from Section 48-3a-711 is renumbered
8638 and amended to read:

8639 **[~~48-3a-711~~] 16-20-708 . Disposition of assets in winding up.**

8640 (1) In winding up its activities and affairs, a limited liability company shall apply [its] the
8641 limited liability company's assets to discharge [its] the limited liability company's
8642 obligations to creditors, including members that are creditors.

8643 (2) After a limited liability company complies with Subsection (1), any surplus must be
8644 distributed in the following order, subject to any charging order in effect under Section [
8645 ~~48-3a-503~~] 16-20-503:

8646 (a) to each person owning a transferable interest that reflects contributions made and not
8647 previously returned, an amount equal to the value of the unreturned contributions; and

8648 (b) in equal shares among members and dissociated members, except to the extent
8649 necessary to comply with any transfer effective under Section [~~48-3a-502~~] 16-20-502.

8650 (3) If a limited liability company does not have sufficient surplus to comply with
8651 Subsection (2)(a), any surplus must be distributed among the owners of transferable
8652 interests in proportion to the value of the respective unreturned contributions.

8653 (4) All distributions made under Subsections (2) and (3) must be paid in money.

8654 Section 279. Section **16-20-801**, which is renumbered from Section 48-3a-801 is renumbered
8655 and amended to read:

8656 **Part 8. Action by Members**

8657 **[48-3a-801] 16-20-801 . Direct action by member.**

8658 (1) Subject to Subsection (2), a member may maintain a direct action against another
8659 member, a manager, or the limited liability company to enforce the member's rights and
8660 otherwise protect the member's interests, including rights and interests under the
8661 operating agreement or this chapter or arising independently of the membership
8662 relationship.

8663 (2) A member maintaining a direct action under this section must plead and prove an actual
8664 or threatened injury that is not solely the result of an injury suffered or threatened to be
8665 suffered by the limited liability company.

8666 Section 280. Section **16-20-802**, which is renumbered from Section 48-3a-802 is renumbered
8667 and amended to read:

8668 **[48-3a-802] 16-20-802 . Derivative action.**

8669 A member may maintain a derivative action to enforce a right of a limited liability
8670 company if:

8671 (1) the member first makes a demand on the other members in a member-managed limited
8672 liability company, or the managers of a manager-managed limited liability company,
8673 requesting that they cause the limited liability company to bring an action to enforce the
8674 right, and the managers or other members do not bring the action within a reasonable
8675 time; or

8676 (2) a demand under Subsection (1) would be futile.

8677 Section 281. Section **16-20-803**, which is renumbered from Section 48-3a-803 is renumbered
8678 and amended to read:

8679 **[48-3a-803] 16-20-803 . Proper plaintiff.**

8680 A derivative action to enforce a right of a limited liability company may be maintained
8681 only by a person that is a member at the time the action is commenced and:

8682 (1) was a member when the conduct giving rise to the action occurred; or
8683 (2) whose status as a member devolved on the person by operation of law or ~~[pursuant to]~~ in
8684 accordance with the terms of the operating agreement from a person that was a member
8685 at the time of the conduct.

8686 Section 282. Section **16-20-804**, which is renumbered from Section 48-3a-804 is renumbered
8687 and amended to read:

8688 **[48-3a-804] 16-20-804 . Pleading.**

8689 In a derivative action, the complaint must state with particularity:

8690 (1) the date and content of plaintiff's demand and the response by the managers or other

8691 members to the demand; or

8692 (2) why the demand should be excused as futile.

8693 Section 283. Section **16-20-805**, which is renumbered from Section 48-3a-805 is renumbered
8694 and amended to read:

8695 **[48-3a-805] 16-20-805 . Special litigation committee.**

8696 (1)(a) If a limited liability company is named as or made a party in a derivative
8697 proceeding, the limited liability company may appoint a special litigation committee
8698 to investigate the claims asserted in the proceeding and determine whether pursuing
8699 the action is in the best interests of the limited liability company.

8700 (b) [-]If the limited liability company appoints a special litigation committee, on motion
8701 by the committee made in the name of the limited liability company, except for good
8702 cause shown, the court shall stay discovery for the time reasonably necessary to
8703 permit the committee to make its investigation.

8704 (c) [-]This Subsection (1) does not prevent the court from:

8705 [(a)] (i) enforcing a person's right to information under Section [48-3a-410] 16-20-410;
8706 or

8707 [(b)] (ii) granting extraordinary relief in the form of a temporary restraining order or
8708 preliminary injunction upon a showing of good cause.

8709 (2) A special litigation committee must be composed of one or more disinterested and
8710 independent individuals, who may be members.

8711 (3) A special litigation committee may be appointed:

8712 (a) in a member-managed limited liability company:

8713 (i) by the consent of a majority of the members not named as parties in the
8714 proceeding; and

8715 (ii) if all members are named as parties in the proceeding, by a majority of the
8716 members named as defendants; or

8717 (b) in a manager-managed limited liability company:

8718 (i) by a majority of the managers not named as parties in the proceeding; and

8719 (ii) if all managers are named as parties in the proceeding, by a majority of the
8720 managers named as defendants.

8721 (4) After appropriate investigation, a special litigation committee may determine that it is in
8722 the best interests of the limited liability company that the proceeding:

8723 (a) continue under the control of the plaintiff;

8724 (b) continue under the control of the committee;

8725 (c) be settled on terms approved by the committee; or

8726 (d) be dismissed.

8727 (5)(a) After making a determination under Subsection (4), a special litigation committee

8728 shall file with the court a statement of its determination and its report supporting its

8729 determination and shall serve each party with a copy of the determination and report.

8730 (b) [-]The court shall determine whether the members of the committee were

8731 disinterested and independent and whether the committee conducted [its] the

8732 committee's investigation and made [its] the committee's recommendation in good

8733 faith, independently, and with reasonable care, with the committee having the burden

8734 of proof.

8735 (c) [-]If the court finds that the members of the committee were disinterested and

8736 independent and that the committee acted in good faith, independently, and with

8737 reasonable care, the court shall enforce the determination of the committee.

8738 (d) [-]Otherwise, the court shall dissolve the stay of discovery entered under Subsection

8739 (1) and allow the action to continue under the control of the plaintiff.

8740 Section 284. Section **16-20-806**, which is renumbered from Section 48-3a-806 is renumbered

8741 and amended to read:

8742 **[48-3a-806] 16-20-806 . Proceeds and expenses.**

8743 (1) Except as otherwise provided in Subsection (2):

8744 (a) any proceeds or other benefits of a derivative action, whether by judgment,

8745 compromise, or settlement, belong to the limited liability company and not to the

8746 plaintiff; and

8747 (b) if the plaintiff receives any proceeds, the plaintiff shall remit them immediately to

8748 the limited liability company.

8749 (2) If a derivative action is successful in whole or in part, the court may award the plaintiff

8750 reasonable expenses, including reasonable attorney's fees and costs, from the recovery of

8751 the limited liability company.

8752 (3) A derivative action on behalf of a limited liability company may not be voluntarily

8753 dismissed or settled without the court's approval.

8754 Section 285. Section **16-21-104** is enacted to read:

8755 **16-21-104 . Provisions Applicable to All Business Entities applicable.**

8756 Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of

8757 this chapter.

8758 Section 286. Section **16-22-110** is enacted to read:

8759 **16-22-110 . Provisions Applicable to All Business Entities applicable.**

8760 Chapter 1a, Provisions Applicable to All Business Entities, applies to the provisions of
8761 this chapter.

8762 Section 287. Section **42-2-101** is enacted to read:

8763 **CHAPTER 2. Conducting Business as a D.B.A.**

8764 **Part 1. General Provisions**

8765 **42-2-101 . Definitions.**

8766 As used in this chapter:

- 8767 (1) "D.B.A." means a person that carries on, conducts, or transacts business in this state
8768 using a name that is different from the legal name of the person.
- 8769 (2) "D.B.A. certificate" means a typed document a D.B.A. files with the division that:
8770 (a) states the name and principal address under which the D.B.A. does business or will
8771 carry out, conduct, or transact business;
8772 (b) states the true name and street address of each person that owns the D.B.A.; and
8773 (c) the person or authorized representative of the D.B.A. that registers the D.B.A. with
8774 the division signs.
- 8775 (3) "D.B.A. name" means the name a D.B.A. uses when carrying on, conducting, or
8776 transacting business in this state that is different from the legal name of the person.
- 8777 (4) "Director" means the director of the division appointed under Section 13-1a-103.
- 8778 (5) "Division" means the Division of Corporations and Commercial Code established in
8779 Section 13-1a-102.
- 8780 (6) "True name" means the legal name of a person.

8781 Section 288. Section **42-2-102** is enacted to read:

8782 **42-2-102 . Governing law.**

8783 A D.B.A. is governed by:

- 8784 (1) this chapter; and
- 8785 (2) for a provision on which this chapter is silent, Title 16, Chapter 1a, Provisions
8786 Applicable to All Business Entities.

8787 Section 289. Section **42-2-103**, which is renumbered from Section 42-2-7 is renumbered
8788 and amended to read:

8789 **[42-2-7] 42-2-103 . Recordkeeping-- Fees -- Evidence.**

- 8790 (1) The [~~Division of Corporations and Commercial Code~~] division shall:
- 8791 (a) keep [~~an active alphabetical index of all persons filing the certificates provided for in~~]

8792 a record of each D.B.A. registered under this chapter; and

8793 (b) collect the required [~~indexing and~~] filing fees.

8794 (2) A copy of [~~any such~~] each D.B.A. certificate [~~certified by~~] the [~~Division of Corporations~~
8795 ~~and Commercial Code shall be~~] division certifies is presumptive evidence of the facts
8796 contained in the certificate.

8797 Section 290. Section **42-2-104**, which is renumbered from Section 42-2-9 is renumbered
8798 and amended to read:

8799 **[~~42-2-9~~] 42-2-104 . Corporate names, limited liability company names, and**
8800 **trademark, service mark, and trade name rights not affected.**

8801 (1) This chapter does not affect or apply to [~~any~~] a corporation organized under the laws of
8802 any state if [~~it~~] the corporation does business under [~~its~~] the corporation's true [~~corporate~~]
8803 name.

8804 (2)(a) This chapter does not affect the statutory or common law trademark, service mark,
8805 or trade name rights granted by state or federal statute.

8806 (b) An act listed in Subsection (2)(c) of itself does not authorize the use in this state of [
8807 ~~an assumed name~~] a D.B.A. in violation of the rights of another as established under:

8808 (i) this chapter;

8809 (ii) Title 70, Chapter 3a, Registration and Protection of Trademarks and Service
8810 Marks Act;

8811 (iii) the state law relating to names of corporations, partnerships, and other legal
8812 business entities;

8813 (iv) the federal Trademark Act of 1946, 15 U.S.C. Section 1051 et seq.; or

8814 (v) the common law, including rights in a trade name.

8815 (c) Subsection (2)(b) applies to:

8816 (i) a filing under this chapter;

8817 (ii) an approval by the [~~Division of Corporations and Commercial Code pursuant to~~]
8818 division in accordance with this chapter; or

8819 (iii) the use of [~~an assumed name~~] a D.B.A. name.

8820 (3) This chapter does not affect or apply to any limited liability company doing business in
8821 this state under [~~its~~] the limited liability company's true name.

8822 Section 291. Section **42-2-105**, which is renumbered from Section 42-2-6.6 is renumbered
8823 and amended to read:

8824 **[~~42-2-6.6~~] 42-2-105 . D.B.A. name.**

8825 (1) [~~The assumed~~] A D.B.A. name:

- 8826 (a) may not contain:
- 8827 (i) a word or phrase that indicates or implies that the business is organized for a
- 8828 purpose other than a purpose contained in the business's application;[-or]
- 8829 (ii) for [~~an assumed~~] a D.B.A. name that is changed or approved on or after May 4,
- 8830 2022, the number sequence "911";
- 8831 (iii) without the consent of the Department of Financial Institutions, the words
- 8832 described in Section 7-1-701;
- 8833 (iv) the term or abbreviation:
- 8834 (A) "limited liability company";
- 8835 (B) "LLC"; or
- 8836 (C) "L.L.C."; or
- 8837 (v) a term or abbreviation that is of similar import to a term or abbreviation described
- 8838 in Subsection (1)(a)(iv);
- 8839 (b) shall be distinguishable from [~~any~~] a registered name or trademark of record in the
- 8840 offices of the [~~Division of Corporations and Commercial Code~~] division,[-as defined
- 8841 ~~in Subsection 16-10a-401(5),-~~ in accordance with Section 16-1a-302 except as [~~]~~
- 8842 ~~authorized by]the [~~Division of Corporations and Commercial Code~~] division~~
- 8843 authorizes under Subsection (2);
- 8844 (c) without the written consent of the United States Olympic Committee, may not
- 8845 contain the words:
- 8846 (i) "Olympic";
- 8847 (ii) "Olympiad"; or
- 8848 (iii) "Citius Altius Fortius"; and
- 8849 (d) [~~an assumed name~~]authorized for use in this state on or after May 1, 2000, may not
- 8850 contain the [~~words~~] terms:
- 8851 (i) unless the person that owns the D.B.A. is a corporation registered in this state:
- 8852 [(i)] (A) "incorporated";
- 8853 [(ii)] (B) "inc."; or
- 8854 [(iii)] (C) a variation of "incorporated" or "inc."; or
- 8855 (ii) unless the person that owns the D.B.A. is a limited liability company registered in
- 8856 this state:
- 8857 (A) "limited liability company";
- 8858 (B) "LLC";
- 8859 (C) "L.L.C."; or

- 8860 (D) a variation of "limited liability company", "LLC", or "L.L.C."
- 8861 [(2) Notwithstanding Subsection (1)(d), an assumed name may contain a word listed in
- 8862 Subsection (1)(d) if the Division of Corporations and Commercial Code authorizes the
- 8863 use of the name by a corporation as defined in:]
- 8864 [(a) Subsection 16-6a-102(27);]
- 8865 [(b) Subsection 16-6a-102(36);]
- 8866 [(c) Subsection 16-10a-102(11); or]
- 8867 [(d) Subsection 16-10a-102(20).]
- 8868 [(3)] (2) The [~~Division of Corporations and Commercial Code~~] division shall authorize [the]
- 8869 an applicant's use of the D.B.A. name [applied for] if:
- 8870 (a) the name is distinguishable from one or more of the names and trademarks [~~that are~~]
- 8871 on the division's records; or
- 8872 (b) the applicant delivers to the division a certified copy of the final judgment of a court [
- 8873 of competent] with jurisdiction establishing the applicant's right to use the D.B.A.
- 8874 name [~~applied for~~] in this state.
- 8875 [(4)] (3) [~~The assumed~~] Before the day on which the division records the name of a D.B.A.,
- 8876 the applicant shall translate into English or transliterate into letters of the English
- 8877 alphabet the D.B.A. name, [for purposes of recordation, shall be either translated into
- 8878 English or transliterated into letters of the English alphabet] if the [~~assumed~~] D.B.A.
- 8879 name is not in English.
- 8880 [(5)] (4) The [~~Division of Corporations and Commercial Code~~] division may not approve an
- 8881 application for [~~an assumed~~] a D.B.A. name to a person [violating] that violates this
- 8882 section.
- 8883 [(6)] (5) The director [~~of the Division of Corporations and Commercial Code shall have the~~
- 8884 power and authority reasonably necessary to-] shall:
- 8885 (a) interpret and efficiently administer this section; and
- 8886 (b) [~~to~~] perform the duties imposed on the division by this section.
- 8887 [(7)] (6) [~~A~~] The division may not approve for filing a D.B.A. name that implies by a word
- 8888 in the name that the business is an agency of the state or a political subdivision of the
- 8889 state, if the business is not [~~actually such a legally established agency, may not be~~
- 8890 approved for filing by the Division of Corporations and Commercial Code] an agency of
- 8891 the state or a political subdivision of the state.
- 8892 [(8)] (7) Section 16-10a-403 applies to this chapter.
- 8893 [(9)] (8)(a) The requirements of Subsection (1)(d) do not apply to a person [~~who~~] that

8894 filed a certificate of assumed and of true name with the [~~Division of Corporations and~~
8895 ~~Commercial Code~~] division on or before May 4, 1998, until December 31, 1998.

8896 (b) On or after January 1, 1999, a person [~~who~~] that carries on, conducts, or transacts
8897 business in this state under [~~an assumed name~~] a D.B.A. shall comply with the
8898 requirements of Subsection (1)(d).

8899 Section 292. Section **42-2-201** is enacted to read:

8900 **Part 2. Registration, Filings, and Penalties**

8901 **42-2-201 . Registration as a D.B.A.**

8902 (1) To register as a D.B.A., a person shall:

8903 (a) file a D.B.A. certificate with the division no later than 30 days after the day on which
8904 the entity begins to carry out, conduct, or transact the entity's business; and

8905 (b) designate and maintain a registered agent in this state in accordance with Title 16,
8906 Chapter 1a, Part 4, Registered Agent of an Entity.

8907 (2) To register a general partnership as a D.B.A. if the general partnership is not registered
8908 with the division, the general partnership's partners shall each register as a D.B.A. in
8909 accordance with Subsection (1).

8910 (3) A person filing a D.B.A. certificate in accordance with Subsection (1) shall include in a
8911 conspicuous place on the face of the D.B.A. certificate a notice that states: NOTICE -
8912 THE FILING OF THIS APPLICATION AND THIS APPLICATION'S APPROVAL
8913 BY THE DIVISION OF CORPORATIONS AND COMMERCIAL CODE DOES NOT
8914 AUTHORIZE THE USE IN THE STATE OF UTAH OF AN ASSUMED NAME IN
8915 VIOLATION OF THE RIGHTS OF ANOTHER FEDERAL STATUTE, STATE
8916 STATUTE, OR COMMON LAW. (SEE UTAH CODE ANN. 42-2-201).

8917 (4) A registration statement filed in accordance with Subsection (1) is considered effective
8918 on the day on which the division:

8919 (a) receives and approves, as to form, the registration statement; and

8920 (b) marks on the face of the registration statement a stamp or seal that indicates:

8921 (i) the time and date of approval;

8922 (ii) the name of the division; and

8923 (iii)(A) the director's signature and division seal; or

8924 (B) a facsimile of the director's signature and division seal.

8925 Section 293. Section **42-2-202** is enacted to read:

8926 **42-2-202 . Amending a D.B.A. certificate.**

8927 (1) A D.B.A. may amend a D.B.A. certificate only while the D.B.A. is actively registered

- 8928 with the division as a D.B.A.
- 8929 (2) A D.B.A. may not amend an expired or canceled D.B.A. certificate.
- 8930 (3) A D.B.A. may amend any information contained in the D.B.A. certificate.
- 8931 (4) To amend a D.B.A. certificate, a D.B.A. shall file with the division an amendment that
- 8932 states:
- 8933 (a) the D.B.A. name; and
- 8934 (b) the requested changes to the D.B.A. certificate.
- 8935 (5) The person or authorized representative of the D.B.A. shall sign the amendment
- 8936 described in Subsection (4).

8937 Section 294. Section **42-2-203** is enacted to read:

8938 **42-2-203 . Transfer of ownership of a D.B.A.**

- 8939 (1) A D.B.A. may transfer ownership only while the D.B.A. is actively registered with the
- 8940 division as a D.B.A.
- 8941 (2) To transfer ownership of a D.B.A., the D.B.A. shall file a letter of transfer with the
- 8942 division that states:
- 8943 (a) the D.B.A. name;
- 8944 (b) the true name and address of each current owner of the D.B.A.;
- 8945 (c) the true name and address of each new owner of the D.B.A.; and
- 8946 (d) the principal address of the D.B.A.'s place of business.
- 8947 (3) Except as otherwise provided in Section 16-1a-302, each current owner and each new
- 8948 owner shall sign the letter of transfer described in Subsection (2).

8949 Section 295. Section **42-2-204** is enacted to read:

8950 **42-2-204 . Expiration, renewal, and cancellation of registration.**

- 8951 (1)(a) A D.B.A registration is effective for three years after the day on which a person
- 8952 registers as a D.B.A.
- 8953 (b) A D.B.A. may renew a D.B.A. registration beginning 60 days before the day on
- 8954 which the period described in Subsection (1)(a) expires.
- 8955 (c) If a D.B.A. does not renew a D.B.A. registration before the end of the period
- 8956 described in Subsection (1)(a), the division shall send notice to the D.B.A.'s
- 8957 registered agent that the registration is expired.
- 8958 (d) If the D.B.A. does not renew the D.B.A. registration within 30 days after the day on
- 8959 which the division sends the notice described in Subsection (1)(c):
- 8960 (i) the D.B.A. registration is permanently expired; and
- 8961 (ii) a person may immediately claim the D.B.A.'s name.

- 8962 (2) A D.B.A. may renew a D.B.A. registration by filing a statement of renewal that an
 8963 authorized representative of the D.B.A. signs.
- 8964 (3)(a) A D.B.A. may update information contained in the D.B.A. certificate when
 8965 renewing a D.B.A. registration.
- 8966 (b) An update to a D.B.A. registration that a D.B.A. makes during renewal is considered
 8967 an amendment.
- 8968 (c) A D.B.A. shall comply with the requirements of Section 42-2-202 when making an
 8969 update in accordance with this Subsection (3).
- 8970 (4) To cancel an active D.B.A. registration, the D.B.A. shall file a letter of cancellation with
 8971 the division that:
- 8972 (a) states:
- 8973 (i) the D.B.A. name;
- 8974 (ii) the effective date of the cancellation;
- 8975 (iii) the mailing address for service of process after the cancellation; and
- 8976 (b) an authorized representative of the D.B.A. signs.

8977 Section 296. Section **42-2-205** is enacted to read:

8978 **42-2-205 . Penalties.**

- 8979 (1) A person that carries on, conducts, or transacts business as a D.B.A. without complying
 8980 with the provisions of this chapter may not bring an action in a court of this state as a
 8981 D.B.A. until the person complies with the provisions of this chapter.
- 8982 (2) The director may impose a late filing fee that the director determines in an amount not
 8983 to exceed three times the fee described in Section 42-2-103 in accordance with Section
 8984 63J-1-504.

8985 Section 297. **Repealer.**

8986 This bill repeals:

8987 Section **16-6a-105, Filing requirements.**

8988 Section **16-6a-106, Forms.**

8989 Section **16-6a-108, Effective time and date of filed documents.**

8990 Section **16-6a-109, Correcting filed documents.**

8991 Section **16-6a-110, Filing duty of division.**

8992 Section **16-6a-401, Corporate name.**

8993 Section **16-6a-402, Reserved name.**

8994 Section **16-6a-1101, Merger.**

8995 Section **16-6a-1102, Action on plan of merger.**

- 8996 Section **16-6a-1103, Articles of merger.**
- 8997 Section **16-6a-1104, Effect of merger.**
- 8998 Section **16-6a-1105, Merger with foreign nonprofit corporation.**
- 8999 Section **16-6a-1410, Grounds for administrative dissolution.**
- 9000 Section **16-6a-1411, Procedure for and effect of administrative dissolution.**
- 9001 Section **16-6a-1412, Reinstatement following administrative dissolution -- Reinstatement**
- 9002 **after voluntary dissolution.**
- 9003 Section **16-6a-1413, Appeal from denial of reinstatement.**
- 9004 Section **16-6a-1501, Authority to conduct affairs required.**
- 9005 Section **16-6a-1502, Consequences of conducting affairs without authority.**
- 9006 Section **16-6a-1503, Application for authority to conduct affairs.**
- 9007 Section **16-6a-1504, Amended application for authority to conduct affairs.**
- 9008 Section **16-6a-1505, Effect of filing an application for authority to conduct affairs.**
- 9009 Section **16-6a-1506, Corporate name and assumed corporate name of foreign nonprofit**
- 9010 **corporation.**
- 9011 Section **16-6a-1507, Registered name of foreign nonprofit corporation.**
- 9012 Section **16-6a-1510, Resignation of registered agent of foreign nonprofit corporation.**
- 9013 Section **16-6a-1511, Service on foreign nonprofit corporation.**
- 9014 Section **16-6a-1512, Merger of foreign nonprofit corporations authorized to conduct**
- 9015 **affairs in this state.**
- 9016 Section **16-6a-1513, Withdrawal of foreign nonprofit corporation.**
- 9017 Section **16-6a-1514, Service on withdrawn foreign nonprofit corporation.**
- 9018 Section **16-6a-1515, Grounds for revocation.**
- 9019 Section **16-6a-1516, Procedure for and effect of revocation.**
- 9020 Section **16-6a-1517, Appeal from revocation.**
- 9021 Section **16-6a-1518, Domestication of foreign nonprofit corporations.**
- 9022 Section **16-7-13, Merger and consolidation.**
- 9023 Section **16-10a-120, Filing requirements.**
- 9024 Section **16-10a-121, Forms.**
- 9025 Section **16-10a-123, Effective time and date of filed documents.**
- 9026 Section **16-10a-124, Correcting filed documents.**
- 9027 Section **16-10a-125, Filing duty of division.**
- 9028 Section **16-10a-126, Petition for review of division's refusal to file document.**
- 9029 Section **16-10a-401, Corporate name.**

- 9030 Section **16-10a-402, Reserved name.**
- 9031 Section **16-10a-1101, Merger.**
- 9032 Section **16-10a-1102, Share exchange.**
- 9033 Section **16-10a-1106, Effect of merger or share exchange.**
- 9034 Section **16-10a-1107, Merger or share exchange with foreign corporations.**
- 9035 Section **16-10a-1420, Grounds for administrative dissolution.**
- 9036 Section **16-10a-1421, Procedure for and effect of administrative dissolution.**
- 9037 Section **16-10a-1422, Reinstatement following dissolution.**
- 9038 Section **16-10a-1423, Appeal from denial of reinstatement.**
- 9039 Section **16-10a-1501, Authority to transact business required.**
- 9040 Section **16-10a-1502, Consequences of transacting business without authority.**
- 9041 Section **16-10a-1503, Application for authority to transact business.**
- 9042 Section **16-10a-1504, Amended application for authority to transact business.**
- 9043 Section **16-10a-1505, Effect of filing an application for authority to transact business.**
- 9044 Section **16-10a-1506, Corporate name and assumed corporate name of foreign**
- 9045 **corporation.**
- 9046 Section **16-10a-1507, Registered name of foreign corporation.**
- 9047 Section **16-10a-1510, Resignation of registered agent of foreign corporation.**
- 9048 Section **16-10a-1511, Service on foreign corporation.**
- 9049 Section **16-10a-1520, Withdrawal of foreign corporation.**
- 9050 Section **16-10a-1521, Service on withdrawn foreign corporation.**
- 9051 Section **16-10a-1530, Grounds for revocation.**
- 9052 Section **16-10a-1531, Procedure for and effect of revocation.**
- 9053 Section **16-10a-1532, Appeal from revocation.**
- 9054 Section **16-10a-1533, Domestication of foreign corporations.**
- 9055 Section **16-10a-1607, Annual report for division.**
- 9056 Section **16-11-16, Corporate name.**
- 9057 Section **16-15-103, Name.**
- 9058 Section **16-15-105, Filing of certificate -- Fees.**
- 9059 Section **16-15-109, Registered agent.**
- 9060 Section **16-16-111, Name.**
- 9061 Section **16-16-112, Reservation of name.**
- 9062 Section **16-16-201, Signing of records delivered for filing to division.**
- 9063 Section **16-16-203, Delivery to and filing of records by division -- Effective time and**

- 9064 **date.**
- 9065 Section 16-16-207, Annual report for division.
- 9066 Section 16-16-208, Filing fees.
- 9067 Section 16-16-1212, Reinstatement following administrative dissolution.
- 9068 Section 16-16-1601, Definitions.
- 9069 Section 16-16-1602, Conversion.
- 9070 Section 16-16-1603, Action on plan of conversion by converting limited cooperative
- 9071 **association.**
- 9072 Section 16-16-1604, Filings required for conversion -- Effective date.
- 9073 Section 16-16-1605, Effect of conversion.
- 9074 Section 16-16-1606, Merger.
- 9075 Section 16-16-1607, Notice and action on plan of merger by constituent limited
- 9076 **cooperative association.**
- 9077 Section 16-16-1608, Approval or abandonment of merger by members.
- 9078 Section 16-16-1609, Filings required for merger -- Effective date.
- 9079 Section 16-16-1610, Effect of merger.
- 9080 Section 16-16-1611, Consolidation.
- 9081 Section 16-16-1612, Part not exclusive.
- 9082 Section 16-17-101, Title.
- 9083 Section 16-17-102, Definitions.
- 9084 Section 16-17-201, Fees.
- 9085 Section 16-17-202, Addresses in filings.
- 9086 Section 16-17-203, Appointment of registered agent.
- 9087 Section 16-17-204, Listing of commercial registered agent.
- 9088 Section 16-17-205, Termination of listing of commercial registered agent.
- 9089 Section 16-17-206, Change of registered agent by entity.
- 9090 Section 16-17-207, Change of name or address by noncommercial registered agent.
- 9091 Section 16-17-208, Change of name, address, or type of organization by commercial
- 9092 **registered agent.**
- 9093 Section 16-17-209, Resignation of registered agent.
- 9094 Section 16-17-210, Appointment of agent by nonfiling or nonqualified foreign entity.
- 9095 Section 16-17-301, Service of process on entities.
- 9096 Section 16-17-302, Duties of registered agent.
- 9097 Section 16-17-401, Jurisdiction and venue.

- 9098 Section **16-17-402, Consistency of application.**
- 9099 Section **16-17-403, Relation to Electronic Signatures in Global and National Commerce**
- 9100 **Act.**
- 9101 Section **16-17-404, Savings clause.**
- 9102 Section **42-2-5, Certificate of assumed and of true name -- Contents -- Execution --**
- 9103 **Filing -- Notice.**
- 9104 Section **42-2-6, Change in persons transacting business under assumed name.**
- 9105 Section **42-2-8, Expiration of filing -- Notice -- Removal from active index.**
- 9106 Section **42-2-10, Penalties.**
- 9107 Section **48-1c-101, Title.**
- 9108 Section **48-1d-101, Title.**
- 9109 Section **48-1d-109, Delivery of record.**
- 9110 Section **48-1d-110, Signing of records to be delivered for filing to division.**
- 9111 Section **48-1d-111, Signing and filing pursuant to judicial order.**
- 9112 Section **48-1d-112, Filing requirements.**
- 9113 Section **48-1d-113, Effective time and date.**
- 9114 Section **48-1d-114, Withdrawal of filed record before effectiveness.**
- 9115 Section **48-1d-115, Correcting filed record.**
- 9116 Section **48-1d-116, Duty of division to file -- Review of refusal to file -- Transmission of**
- 9117 **information by division.**
- 9118 Section **48-1d-117, Liability for inaccurate information in filed record.**
- 9119 Section **48-1d-1001, Definitions.**
- 9120 Section **48-1d-1002, Relationship of part to other laws.**
- 9121 Section **48-1d-1003, Required notice or approval.**
- 9122 Section **48-1d-1004, Status of filings.**
- 9123 Section **48-1d-1005, Nonexclusivity.**
- 9124 Section **48-1d-1006, Reference to external facts.**
- 9125 Section **48-1d-1007, Alternative means of approval of transactions.**
- 9126 Section **48-1d-1008, Appraisal rights.**
- 9127 Section **48-1d-1021, Merger authorized.**
- 9128 Section **48-1d-1022, Plan of merger.**
- 9129 Section **48-1d-1023, Approval of merger.**
- 9130 Section **48-1d-1024, Amendment or abandonment of plan of merger.**
- 9131 Section **48-1d-1025, Statement of merger.**

- 9132 Section **48-1d-1026, Effect of merger.**
- 9133 Section **48-1d-1031, Interest exchange authorized.**
- 9134 Section **48-1d-1032, Plan of interest exchange.**
- 9135 Section **48-1d-1033, Approval of interest exchange.**
- 9136 Section **48-1d-1034, Amendment or abandonment of plan of interest exchange.**
- 9137 Section **48-1d-1035, Statement of interest exchange.**
- 9138 Section **48-1d-1036, Effect of interest exchange.**
- 9139 Section **48-1d-1041, Conversion authorized.**
- 9140 Section **48-1d-1042, Plan of conversion.**
- 9141 Section **48-1d-1043, Approval of conversion.**
- 9142 Section **48-1d-1044, Amendment or abandonment of plan of conversion.**
- 9143 Section **48-1d-1045, Statement of conversion.**
- 9144 Section **48-1d-1046, Effect of conversion.**
- 9145 Section **48-1d-1051, Domestication authorized.**
- 9146 Section **48-1d-1052, Plan of domestication.**
- 9147 Section **48-1d-1053, Approval of domestication.**
- 9148 Section **48-1d-1054, Amendment or abandonment of plan of domestication.**
- 9149 Section **48-1d-1055, Statement of domestication.**
- 9150 Section **48-1d-1056, Effect of domestication.**
- 9151 Section **48-1d-1103, Reinstatement.**
- 9152 Section **48-1d-1104, Judicial review of denial of reinstatement.**
- 9153 Section **48-1d-1105, Permitted names.**
- 9154 Section **48-1d-1106, Reservation of name.**
- 9155 Section **48-1d-1107, Registration of name.**
- 9156 Section **48-1d-1108, Registered agent.**
- 9157 Section **48-1d-1109, Annual report for division.**
- 9158 Section **48-1d-1201, Governing law.**
- 9159 Section **48-1d-1202, Registration to do business in this state.**
- 9160 Section **48-1d-1203, Foreign registration statement.**
- 9161 Section **48-1d-1204, Amendment of foreign registration statement.**
- 9162 Section **48-1d-1205, Activities not constituting doing business.**
- 9163 Section **48-1d-1206, Noncomplying name of foreign limited liability partnership.**
- 9164 Section **48-1d-1207, Withdrawal deemed on conversion to domestic filing entity or**
- 9165 **domestic limited liability partnership.**

- 9166 Section **48-1d-1208, Withdrawal on dissolution or conversion to nonfiling entity other**
9167 **than limited liability partnership.**
- 9168 Section **48-1d-1209, Transfer of registration.**
- 9169 Section **48-1d-1210, Termination of registration.**
- 9170 Section **48-1d-1303, Name limitations.**
- 9171 Section **48-2e-108, Permitted names.**
- 9172 Section **48-2e-109, Reservation of name.**
- 9173 Section **48-2e-110, Registration of name.**
- 9174 Section **48-2e-111, Registered agent.**
- 9175 Section **48-2e-203, Signing of records to be delivered for filing to division.**
- 9176 Section **48-2e-204, Signing and filing pursuant to judicial order.**
- 9177 Section **48-2e-205, Filing requirements.**
- 9178 Section **48-2e-206, Effective time and date.**
- 9179 Section **48-2e-207, Withdrawal of filed record before effectiveness.**
- 9180 Section **48-2e-208, Correcting filed record.**
- 9181 Section **48-2e-209, Duty of division to file -- Review of refusal to file -- Transmission of**
9182 **information by the division.**
- 9183 Section **48-2e-210, Liability for inaccurate information in filed record.**
- 9184 Section **48-2e-211, Certificate of existence or registration.**
- 9185 Section **48-2e-212, Annual report for division.**
- 9186 Section **48-2e-811, Reinstatement.**
- 9187 Section **48-2e-812, Judicial review of denial of reinstatement.**
- 9188 Section **48-2e-901, Governing law.**
- 9189 Section **48-2e-902, Registration to do business in this state.**
- 9190 Section **48-2e-903, Foreign registration statement.**
- 9191 Section **48-2e-904, Amendment of foreign registration.**
- 9192 Section **48-2e-905, Activities not constituting doing business.**
- 9193 Section **48-2e-906, Noncomplying name of foreign limited partnership.**
- 9194 Section **48-2e-907, Withdrawal deemed on conversion to domestic filing entity or**
9195 **domestic limited liability partnership.**
- 9196 Section **48-2e-908, Withdrawal on dissolution or conversion to nonfiling entity other**
9197 **than limited liability partnership.**
- 9198 Section **48-2e-909, Transfer of registration.**
- 9199 Section **48-2e-910, Termination of registration.**

- 9200 Section **48-2e-1101, Definitions.**
- 9201 Section **48-2e-1102, Relationship of part to other laws.**
- 9202 Section **48-2e-1103, Required notice or approval.**
- 9203 Section **48-2e-1104, Status of filings.**
- 9204 Section **48-2e-1105, Nonexclusivity.**
- 9205 Section **48-2e-1106, Reference to external facts.**
- 9206 Section **48-2e-1107, Alternative means of approval of transactions.**
- 9207 Section **48-2e-1108, Appraisal rights.**
- 9208 Section **48-2e-1121, Merger authorized.**
- 9209 Section **48-2e-1122, Plan of merger.**
- 9210 Section **48-2e-1123, Approval of merger.**
- 9211 Section **48-2e-1124, Amendment or abandonment of plan of merger.**
- 9212 Section **48-2e-1125, Statement of merger.**
- 9213 Section **48-2e-1126, Effect of merger.**
- 9214 Section **48-2e-1131, Interest exchange authorized.**
- 9215 Section **48-2e-1132, Plan of interest exchange.**
- 9216 Section **48-2e-1133, Approval of interest exchange.**
- 9217 Section **48-2e-1134, Amendment or abandonment of plan of interest exchange.**
- 9218 Section **48-2e-1135, Statement of interest exchange.**
- 9219 Section **48-2e-1136, Effect of interest exchange.**
- 9220 Section **48-2e-1141, Conversion authorized.**
- 9221 Section **48-2e-1142, Plan of conversion.**
- 9222 Section **48-2e-1143, Approval of conversion.**
- 9223 Section **48-2e-1144, Amendment or abandonment of plan of conversion.**
- 9224 Section **48-2e-1145, Statement of conversion.**
- 9225 Section **48-2e-1146, Effect of conversion.**
- 9226 Section **48-2e-1151, Domestication authorized.**
- 9227 Section **48-2e-1152, Plan of domestication.**
- 9228 Section **48-2e-1153, Approval of domestication.**
- 9229 Section **48-2e-1154, Amendment or abandonment of plan of domestication.**
- 9230 Section **48-2e-1155, Statement of domestication.**
- 9231 Section **48-2e-1156, Effect of domestication.**
- 9232 Section **48-3a-108, Permitted names.**
- 9233 Section **48-3a-109, Reservation of name.**

- 9234 Section **48-3a-110, Registration of name.**
- 9235 Section **48-3a-111, Registered agent.**
- 9236 Section **48-3a-203, Signing of records to be delivered for filing to division.**
- 9237 Section **48-3a-204, Signing and filing pursuant to judicial order.**
- 9238 Section **48-3a-205, Filing requirements.**
- 9239 Section **48-3a-206, Effective time and date.**
- 9240 Section **48-3a-207, Withdrawal of filed record before effectiveness.**
- 9241 Section **48-3a-208, Correcting filed record.**
- 9242 Section **48-3a-209, Duty of division to file -- Review of refusal to file -- Transmission of**
- 9243 **information by division.**
- 9244 Section **48-3a-210, Liability for inaccurate information in filed record.**
- 9245 Section **48-3a-211, Certificate of existence or registration.**
- 9246 Section **48-3a-212, Annual report for division.**
- 9247 Section **48-3a-708, Administrative dissolution.**
- 9248 Section **48-3a-709, Reinstatement.**
- 9249 Section **48-3a-710, Judicial review of denial of reinstatement.**
- 9250 Section **48-3a-901, Governing law.**
- 9251 Section **48-3a-902, Registration to do business in this state.**
- 9252 Section **48-3a-903, Foreign registration statement.**
- 9253 Section **48-3a-904, Amendment of foreign registration statement.**
- 9254 Section **48-3a-905, Activities not constituting doing business.**
- 9255 Section **48-3a-906, Noncomplying name of foreign limited liability company.**
- 9256 Section **48-3a-907, Withdrawal deemed on conversion to domestic filing entity or**
- 9257 **domestic limited liability partnership.**
- 9258 Section **48-3a-908, Withdrawal on dissolution or conversion to nonfiling entity other**
- 9259 **than limited liability partnership.**
- 9260 Section **48-3a-909, Transfer of registration.**
- 9261 Section **48-3a-910, Termination of registration.**
- 9262 Section **48-3a-911, Withdrawal of registration of registered foreign limited liability**
- 9263 **company.**
- 9264 Section **48-3a-912, Action by attorney general.**
- 9265 Section **48-3a-1001, Definitions.**
- 9266 Section **48-3a-1002, Relationship of part to other laws.**
- 9267 Section **48-3a-1003, Required notice or approval.**

- 9268 Section **48-3a-1004, Status of filings.**
- 9269 Section **48-3a-1005, Nonexclusivity.**
- 9270 Section **48-3a-1006, References to external facts.**
- 9271 Section **48-3a-1007, Alternative means of approval of transactions.**
- 9272 Section **48-3a-1008, Appraisal rights.**
- 9273 Section **48-3a-1021, Merger authorized.**
- 9274 Section **48-3a-1022, Plan of merger.**
- 9275 Section **48-3a-1023, Approval of merger.**
- 9276 Section **48-3a-1024, Amendment or abandonment of plan of merger.**
- 9277 Section **48-3a-1025, Statement of merger.**
- 9278 Section **48-3a-1026, Effect of merger.**
- 9279 Section **48-3a-1031, Interest exchange authorized.**
- 9280 Section **48-3a-1032, Plan of interest exchange.**
- 9281 Section **48-3a-1033, Approval of interest exchange.**
- 9282 Section **48-3a-1034, Amendment or abandonment of plan of interest exchange.**
- 9283 Section **48-3a-1035, Statement of interest exchange.**
- 9284 Section **48-3a-1036, Effect of interest exchange.**
- 9285 Section **48-3a-1041, Conversion authorized.**
- 9286 Section **48-3a-1042, Plan of conversion.**
- 9287 Section **48-3a-1043, Approval of conversion.**
- 9288 Section **48-3a-1044, Amendment or abandonment of plan of conversion.**
- 9289 Section **48-3a-1045, Statement of conversion.**
- 9290 Section **48-3a-1046, Effect of conversion.**
- 9291 Section **48-3a-1051, Domestication authorized.**
- 9292 Section **48-3a-1052, Plan of domestication.**
- 9293 Section **48-3a-1053, Approval of domestication.**
- 9294 Section **48-3a-1054, Amendment or abandonment of plan of domestication.**
- 9295 Section **48-3a-1055, Statement of domestication.**
- 9296 Section **48-3a-1056, Effect of domestication.**
- 9297 Section **48-4-105, Benefit company name.**
- 9298 Section **48-5-105, Permitted names.**
- 9299 Section **48-5-107, Fees.**
- 9300 Section **48-5-108, Certificates issued by the division.**
- 9301 Section **48-5-204, Annual report to the division.**

9302 Section 298. **Effective Date.**

9303 This bill takes effect on October 1, 2026.