

**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

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**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;

- ▶ provides the process by which a foreign filing entity may register a name;
- ▶ provides which business entities are required to maintain a registered agent in this state;
- ▶ provides the process for designating a registered agent;
- ▶ provides the process for the listing of a commercial registered agent;
- ▶ establishes the process for the termination of the listing of a commercial registered agent;
- ▶ provides the process by which a represented entity may change the represented entity's registered agent;
- ▶ provides the process by which a noncommercial registered agent may change the noncommercial registered agent's name or address;
- ▶ establishes the process by which a commercial registered agent may change the commercial registered agent's name, address, type of entity, or jurisdiction of formation;
- ▶ provides the process by which a registered agent may resign as a registered agent;
- ▶ provides how a person may make service of process, notice, or demand on an entity;
- ▶ describes the duties of a registered agent;
- ▶ provides that a foreign entity shall register with the division to do business in this state;
- ▶ provides the requirements for filing and amending a foreign registration statement;
- ▶ provides that certain activities of a foreign entity do not constitute doing business in this state;
- ▶ provides the process by which a foreign entity may adopt an alternate name that complies with the name requirements of this state;
- ▶ provides the process by which a registered foreign entity may withdraw the registered foreign entity's registration with the division;
- ▶ provides for a transfer of a registered foreign entity's registration under certain conditions;
- ▶ provides the conditions and manner under which the division may terminate a registered foreign entity's registration;
- ▶ provides the grounds under which the division may administratively dissolve a domestic filing entity;
- ▶ provides the procedure and effect of an administrative dissolution of a domestic filing entity;
- ▶ provides the conditions under which and process by which a domestic filing entity may be reinstated after administrative dissolution;
- ▶ provides the process by which an entity may take part in a merger;
- ▶ 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        ▶ rennumbers Title 48, Chapter 1d, Utah Uniform Partnership Act, to Title 16, Chapter 18,
- 87 Utah Uniform Partnership Act;
- 88        ▶ rennumbers Title 48, Chapter 2e, Utah Uniform Limited Partnership Act, to Title 16,
- 89 Chapter 19, Utah Uniform Limited Partnership Act;
- 90        ▶ rennumbers 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.;

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

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:****ENACTS:**

- 13-1a-101**, Utah Code Annotated 1953
- 16-1a-101**, Utah Code Annotated 1953
- 16-1a-102**, Utah Code Annotated 1953
- 16-1a-201**, Utah Code Annotated 1953
- 16-1a-202**, Utah Code Annotated 1953
- 16-1a-203**, Utah Code Annotated 1953
- 16-1a-204**, Utah Code Annotated 1953
- 16-1a-205**, Utah Code Annotated 1953
- 16-1a-206**, Utah Code Annotated 1953
- 16-1a-207**, Utah Code Annotated 1953
- 16-1a-208**, Utah Code Annotated 1953
- 16-1a-209**, Utah Code Annotated 1953
- 16-1a-210**, Utah Code Annotated 1953
- 16-1a-211**, Utah Code Annotated 1953
- 16-1a-212**, Utah Code Annotated 1953
- 16-1a-301**, Utah Code Annotated 1953
- 16-1a-302**, Utah Code Annotated 1953
- 16-1a-303**, Utah Code Annotated 1953
- 16-1a-304**, Utah Code Annotated 1953
- 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

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

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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

and amended to read:

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

- (1) There is established within the Department of [-]Commerce the Division of Corporations and Commercial Code ~~[which]~~ that is responsible for corporation and commercial code filings in this state.
- (2) The division shall administer:
- (a) Section 41-12a-505;
  - (b) Section 56-1-3;
  - (c) Section 56-1-10;
  - (d) Section 63G-7-401;
  - (e) Title 3, Chapter 1, General Provisions Relating to Agricultural Cooperative Associations;
  - (f) Title 16, Business Entities;
  - (g) Title 42, Chapter 2, Conducting Business as a D.B.A.;
  - (h) Title 70, Chapter 3a, Registration and Protection of Trademarks and Service Marks Act; and
  - (i) Title 70A, Uniform Commercial Code.

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

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

- (1) The division shall be under the supervision, direction, and control of a director.[-]
- (2) ~~[The director shall be appointed by the]~~ The executive director~~[of the Department of Commeree]~~ , with the approval of the governor, shall appoint the director.[-]
- (3) The director shall hold office at the ~~[pleasure]~~ discretion of the governor.

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

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

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

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

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

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

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

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

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

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

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

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:

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

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

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

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

- (1) In addition to the fees ~~[prescribed by]~~ described in Title 16, Chapter 6a, Utah Revised Nonprofit Corporation Act, and Title 16, Chapter 10a, Utah Revised Business Corporation Act, the ~~[Division of Corporations and Commercial Code]~~ division shall receive and determine fees ~~[pursuant to]~~ in accordance with Section 63J-1-504 for filing articles of incorporation or amendments ~~[of]~~ for:
  - (a) ~~[-insurance corporations,]~~ an insurance corporation;
  - (b) ~~[of]~~ a canal or irrigation ~~[corporations]~~ corporation organized for furnishing water to lands owned exclusively by the members ~~[thereof exclusively,]~~ of the canal or irrigation corporation; or
  - (c) ~~[of]~~ a water users' [associations] association:
    - (i) organized in conformity with the requirements of the United States under the Reclamation Act of June 17, 1902~~[,]~~ ; and
    - (ii) ~~[which are]~~ that is authorized to furnish water only to ~~[their]~~ the water users' association's stockholders.
- (2) ~~[-No]~~ The division may not impose a license fee ~~[may be imposed on insurance corporations, canal or irrigation corporations organized for furnishing water to lands owned by the members thereof exclusively, or water users' associations organized in conformity with the requirements of the United States under the Reclamation Act of June 17, 1902, and which are authorized to furnish water only to the stockholders]~~ on an entity described in Subsections (1)(a) through (c) at the time ~~[any such corporation-]~~ the entity files ~~[its]~~ the entity's articles of incorporation, articles of amendment increasing the number of authorized shares, or articles of merger or consolidation~~[, any provision of~~

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;



(ii) restated articles of incorporation;

(iii) articles of merger; and

(iv) a substantially similar document to the documents described in Subsections

(6)(b)(i) through (iii).

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

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

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

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

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

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

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

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

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

(c) Chapter 11, Professional Corporation Act.

(13) "Business trust" means an entity:

(a) engaged in a trade or business; and

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

(14)(a) "Bylaws" means:

(i) one or more code of rules, other than the articles of incorporation, adopted under this title, for the regulation or management of the affairs of a domestic corporation or foreign corporation;

(ii) the procedural rules and regulations that govern:

(A) a decentralized autonomous organization organized under Chapter 22, Decentralized Autonomous Organization Act; and

(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;

- (v) a limited liability partnership;
- (vi) a limited partnership;
- (vii) a limited liability limited partnership;
- (viii) a limited liability company;
- (ix) a limited cooperative association;
- (x) an unincorporated nonprofit association;
- (xi) a statutory trust, business trust, or common-law business trust; or
- (xii) another person that has:
  - (A) a legal existence separate from an interest holder of that person; or
  - (B) the power to acquire an interest in real property in the person's own name.

(b) "Entity" does not include:

- (i) an individual;
- (ii) a trust with a predominantly donative purpose;
- (iii) a charitable trust;
- (iv) an association or relationship that is not a partnership solely by reason of  
Subsection 16-18-202(3) or a similar provision of the law of another jurisdiction;
- (v) a decedent's estate; or
- (vi) a government or a governmental subdivision, agency, or instrumentality.

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

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

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

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

(45) "Foreign registration statement" means a document filed to allow a foreign entity ability to transact business in this state.

(46) "General partner" means the same as that term is defined in Section 16-19-101.

(47) "Governance interest" means, for a person other than a governor, an agent, an assignee, or a proxy, the right under the organic law or organic rules of an entity to:

- (a) receive or demand access to information concerning:
  - (i) the entity; or
  - (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



(c) another cash equivalent readily convertible into legal tender.

(69) "Noncommercial registered agent" means a person that is:

(a) not listed as a commercial registered agent under Section 16-1a-405; and

(b)(i) an individual, a domestic entity, or a foreign entity that serves in this state as the agent for service of process on an entity; or

(ii) the individual who holds the office or other position in an entity who an entity designates as the agent for service of process in accordance with Section 16-1a-404.

(70) "Nonfiling domestic entity" means a domestic entity that is not a filing entity.

(71) "Nonregistered foreign entity" means a foreign entity that is not a registered foreign entity.

(72) "Nonresident LLP statement" means:

(a) a statement of qualification of a domestic limited liability partnership that does not have an office in this state; or

(b) a statement of foreign qualification of a foreign limited liability partnership that does not have an office in this state.

(73) "Operating agreement" means the same as that term is defined in Section 16-20-101.

(74) "Organic law" means the law of an entity's jurisdiction of formation that governs the internal affairs of the entity.

(75) "Organic rules" means the public organic record and private organic rules of an entity.

(76) "Partner" means a general partner or limited partner.

(77) "Partnership" means the same as that term is defined in Section 16-18-101.

(78) "Partnership agreement" means the same as that term is defined in Section 16-19-101.

(79) "Patron member" means the same as that term is defined in Section 16-16-102.

(80) "Patronage" means the same as that term is defined in Section 16-16-102.

(81) "Plan of conversion" means a plan approved in accordance with Section 16-1a-904.

(82) "Plan of domestication" means a plan approved in accordance with Section 16-1a-1004.

(83) "Plan of interest exchange" means a plan approved in accordance with Section 16-1a-804.

(84) "Plan of merger" means a plan approved in accordance with Section 16-1a-704.

(85)(a) "Private organic rules" means the rules whether in a record or not, that govern the internal affairs of an entity, that are binding on all the entity's interest holders.

(b) "Private organic rules" includes the:

(i) bylaws of a business corporation;

- (ii) bylaws of a nonprofit corporation;
- (iii) bylaws of a decentralized autonomous organization;
- (iv) partnership agreement of a partnership;
- (v) partnership agreement of a limited partnership;
- (vi) operating agreement of a limited liability company;
- (vii) bylaws of a limited cooperative association;
- (viii) governing principles of an unincorporated nonprofit association; and
- (ix) trust instrument of a statutory trust or similar rules of a business trust of  
common-law business trust.

(86) "Professional corporation" means the same as that term is defined in Section 16-11-2.

(87) "Protected agreement" means:

- (a) a record showing indebtedness and any related agreement in effect on January 1,  
2014;
- (b) an agreement that is binding on an entity on January 1, 2014;
- (c) the organic rules of an entity in effect on January 1, 2014; or
- (d) an agreement that is binding on any of the governors or interest holders of an entity  
on January 1, 2014.

(88)(a) "Public organic record" means the record of the filing that the division makes to  
form an entity and any amendment to or restatement of that record.

(b) "Public organic record" includes the:

- (i) articles of incorporation of a business corporation;
- (ii) articles of incorporation of a nonprofit corporation;
- (iii) certificate of limited partnership of a limited liability limited partnership;
- (iv) certificate of organization of a limited liability company;
- (v) certificate of organization for a decentralized autonomous organization;
- (vi) articles of organization of a limited cooperative association; and
- (vii) certificate of trust of a statutory trust or similar record of a business trust.

(89) "Record" means information inscribed on a tangible medium or stored in an electronic  
or other medium that is retrievable in a perceivable form.

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

(91) "Registered agent filing" means:

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

- (d) that the domestic filing entity or the registered foreign entity pays all fees, taxes, interest, and penalties collected by the division that the domestic filing entity or registered foreign entity owes to the state if:
- (i) the division's records reflect the domestic filing entity's or the registered foreign entity's payment of the fee, tax, interest, or penalty; and
- (ii) nonpayment of the fees, taxes, interest, and penalties affects the good standing or registration of the domestic filing entity or the registered foreign entity;
- (e) that domestic filing entity or the registered foreign entity has delivered to the division for filing the most recent annual report required by the division;
- (f) that a proceeding is not pending under Part 6, Administrative Dissolution; and
- (g) other reasonable facts contained in the division's records relating to the domestic filing entity or the registered foreign entity that the person requesting the certificate requests.

- (3) Subject to a qualification stated in the certificate of existence or registration, a person may rely on the facts stated in the certificate of existence or registration issued by the division under Subsection (1) as conclusive evidence of the facts stated in the certificate of existence or registration.

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

## **Part 2. Filing Requirements**

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

Reserved.

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

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

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

(h) if applicable, a certificate of existence or registration required of a foreign entity that is not in English with a reasonably authenticated English translation accompanies the entity filing;

(i) an individual authorized or required under this chapter to sign the entity filing, or an individual acting on the authorized or required individual's behalf, signs the entity filing; and

(j) the entity filing states the name and capacity, if any, of each individual who signs the entity filing.

(2) A person physically delivering an entity filing in written form shall ensure the entity filing is typewritten, computer generated, or machine printed.

(3) If other applicable law prohibits the division from disclosing information contained in an entity filing, the division shall:

(a) file the entity filing if the entity filing otherwise complies with this chapter; and

(b) redact the information prohibited by law from disclosure.

(4) When a person delivers an entity filing to the division for filing, the person shall pay a fee required under this chapter and any other fee, tax, interest, or penalty required by statute in a manner the division and applicable statute permit.

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

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

(1) The division may provide forms for an entity filing required or permitted under this chapter.

(2) A person making an entity filing is not required to use a form the division provides as described in Subsection (1).

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

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

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

(1) on the day and at the time the division files the entity filing;

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

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

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

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

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

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

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

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

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

month.

(b) A domestic filing entity or registered foreign entity does not violate the requirement to submit an annual report if the domestic filing entity or registered foreign entity provides evidence of the submission.

(6) If an annual report contains the information required by this section, the division shall file the annual report.

(7) The fact that an individual's name is signed on an annual report form is prima facie evidence for division purposes that the individual is authorized to certify the report on behalf of the domestic filing entity or registered foreign entity.

(8) The division may design the annual report form the division prescribes to provide a simplified certification by the domestic filing entity or registered foreign entity if the domestic filing entity or registered foreign entity has not made changes to the required information from the last preceding report filed.

(9) If an annual report contains the name or address of a registered agent that differs from the information contained in the records of the division immediately before the annual report becomes effective, the differing information in the annual report is considered a statement of change under Section 16-1a-407.

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

### **Part 3. Names**

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

Reserved.

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

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

(1) Except as provided in Subsection (3) or (4), the name of a domestic filing entity, the name under which a foreign entity may register to do business in this state, and a D.B.A. registered under Title 42, Chapter 2, Conducting Business as a D.B.A., shall be distinguishable on the records of the division from a:

(a) name of an existing domestic filing entity that at the time is not dissolved;

(b) name under which a foreign entity is registered to do business in this state under Section 16-1a-503;

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

(d) name reserved under Section 16-1a-304; or

(e) name registered under Section 16-1a-305.

(2) 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

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

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

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

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

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

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

(i) the word:

(A) "corporation";

(B) "incorporated";

(C) "company"; or

(D) a word of similar import; or

(ii) the abbreviation:

(A) "Corp.";

(B) "Inc.";

(C) "Co."; or

(D) an abbreviation of similar import; and

(b) may not contain:

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

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

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

(ii) the term:

(A) "limited liability company";

(B) "limited company";

(C) "limited liability partnership"; or

(D) "limited partnership"; or

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

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

(i) the word:

(A) "corporation";

(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 "RLLLP."
- 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 "RLLLP"; 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.

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

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

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

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

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

(b) the name to reserve.

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) the mailing address of the title or other position described in Subsection

(1)(b)(ii)(A).

(2) A represented entity, by designating a registered agent in accordance with Subsection

(1)(a) or (1)(b), affirms that the designated registered agent consents to serve as a

registered agent.

(3)(a) As soon as practicable, the division shall make available in a record a daily list of

filings that contain the name of each registered agent.

(b) The division shall ensure that the list described in Subsection (3)(a):

(i) is available for at least 14 calendar days after the day on which the division makes  
the list available;

(ii) lists, in alphabetical order, the names of the registered agents; and

(iii) states the type of filing and name of the represented entity making the filing.

Section 34. Section **16-1a-405** is enacted to read:

**16-1a-405 . Listing of a commercial registered agent.**

(1) A person may become listed as a commercial registered agent by delivering to the

division for filing a commercial registered agent listing statement that states:

(a)(i) the name of the individual applying to become a commercial registered agent; or

(ii)(A) the name of the entity applying to become a commercial registered agent;

(B) the type of entity applying to become a commercial registered agent; and

(C) the jurisdiction in which the entity formed;

(b) that the person serves as a commercial registered agent in this state; and

(c) the person's physical address for the person's place of business where the person may

receive service of process, notices, or demands sent to an entity represented by the  
person.

(2) A commercial registered agent listing statement may include information regarding the

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

record.

(3) If the name of the person delivering the record to the division for filing a commercial

registered agent listing statement is not distinguishable on the records of the division

from the name of another commercial registered agent listed under this section, the

person delivering the record shall:

(a) adopt a fictitious name that is distinguishable from the name of another commercial

registered agent under this section; and

(b) use the fictitious name in the person's statement and when the person does business



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

under this section does not affect a contractual right that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) the name of the represented entity;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

process, notice, or demand in a written record.

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

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

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

A registered agent that complies with this part shall:

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

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

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

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

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

**Part 5. Foreign Entities**

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

Reserved.

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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)

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

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

(a) the alternate name;

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

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

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

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

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

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

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

(a) the registered foreign entity's name;

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

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

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

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

(e) if the registered foreign entity is a foreign corporation or foreign nonprofit corporation, the federal employer identification number of the registered foreign entity.

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

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

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

(b) on the effective date of a merger, if the registered foreign entity is not the surviving entity after the merger occurs; or

(c) on the effective date of a domestication, if the registered foreign entity becomes a registered domestic entity through domestication.

(5)(a) After receiving a foreign corporation's or a foreign nonprofit corporation's statement of withdrawal, the division shall:

(i) provide the State Tax Commission with the foreign corporation's or the foreign nonprofit corporation's federal employer identification number; and

(ii) request that the State Tax Commission certify that the foreign corporation or foreign nonprofit corporation is in good standing.

(b) The State Tax Commission shall certify that a foreign corporation or a foreign nonprofit corporation is in good standing if the foreign corporation or foreign nonprofit corporation pays each tax, fee, and penalty the foreign corporation or foreign nonprofit corporation owes to the State Tax Commission.

(c) If a foreign corporation or a foreign nonprofit corporation is not in good standing as described in Subsection (5)(b), the State Tax Commission shall:

(i) notify the division that the foreign corporation or the foreign nonprofit corporation is not in good standing; and

(ii)(A) notify the foreign corporation or the foreign nonprofit corporation that the foreign corporation or the foreign nonprofit corporation is not in good standing; and

(B) provide the foreign corporation or the foreign nonprofit corporation a detailed explanation as to why the foreign corporation or foreign nonprofit corporation is not in good standing.

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

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

(1) If a registered foreign entity merges with a nonregistered foreign entity or converts to a foreign entity that is required to register with the division to do business in this state, the foreign entity shall deliver to the division for filing an application for a transfer of registration.

(2) A surviving or converted entity described in Subsection (1) shall sign an application for a transfer of registration and state on the application for a transfer of registration:

(a) the registered foreign entity's name before the merger or conversion;

(b) the type of entity the surviving or converted entity was before the merger or

conversion;

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

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

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

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

- 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

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

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

(a) each condition that prompted the dissolution; and

(b) the effective date of the dissolution.

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

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

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

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

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

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

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

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

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

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

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

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

(e) that the domestic filing entity:

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

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

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

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

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

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

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

(iv) Chapter 11, Professional Corporation Act; and

(h) any additional information the division determines to be necessary or appropriate.

(2) A domestic filing entity administratively dissolved under Section 16-1a-603 on or after May 1, 2019, but before May 1, 2024, may apply for reinstatement under the domestic filing entity's same name if the domestic filing entity's name is available and the domestic filing entity delivers to the division for filing an application for reinstatement that satisfies the requirements of Subsection (1).

(3) A domestic filing entity retains the domestic filing entity's name and D.B.A., as described in Section 42-2-105, for five years after the day on which the dissolution is effective.

(4)(a) After receiving a domestic filing entity's application for reinstatement, if the domestic filing entity is organized under Chapter 6a, Utah Revised Nonprofit Corporation Act, Chapter 10a, Utah Revised Business Corporation Act, Chapter 10b, Benefit Corporation Act, or Chapter 11, Professional Corporation Act, the division shall:

(i) provide to the State Tax Commission the domestic filing entity's federal employer identification number; and

(ii) request that the State Tax Commission certify that the domestic filing entity is in good standing.

(b) The State Tax Commission shall certify that a domestic filing entity is in good standing if the domestic filing entity:

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

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

(c) If a domestic filing entity is not in good standing as described in Subsection (4)(b),



the State Tax Commission shall:

(i) notify the division, stating that the domestic filing entity is not in good standing;

(ii) notify the domestic filing entity that the domestic filing entity is not in good standing; and

(iii) provide to the domestic filing entity a detailed explanation of why the domestic filing entity is not in good standing.

(5) With respect to a domestic filing entity applying for reinstatement in accordance with Subsection (1), if the following conditions are met, the division shall take the actions described in Subsection (6):

(a) the division determines that an application under Subsection (1) contains the information required by Subsection (1) and that the information contained in the application is correct;

(b) the division determines that the domestic filing entity has made each payment that the domestic filing entity is required to make to the division by Subsection (1)(d);

(c) the domestic filing entity is organized under Chapter 6a, Utah Revised Nonprofit Corporation Act, Chapter 10a, Utah Revised Business Corporation Act, Chapter 10b, Benefit Corporation Act, or Chapter 11, Professional Corporation Act; and

(d) the State Tax Commission certifies that the domestic filing entity is in good standing as described in Subsection (4)(b).

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

(a) cancel the administrative dissolution of the domestic filing entity;

(b) prepare a statement of reinstatement that states:

(i) how each condition of Subsection (5) is met; and

(ii) the effective date of reinstatement;

(c) file the statement of reinstatement; and

(d) serve a copy of the statement of reinstatement on the domestic filing entity.

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

(a) the reinstatement relates back to and takes effect as of the effective date of the administrative dissolution;

(b) the domestic filing entity may resume the domestic filing entity's activities and affairs as if the administrative dissolution had not occurred; and

(c) the rights of a person arising out of an act or omission in reliance on the dissolution before the person knew or had notice of the reinstatement are not affected.

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

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

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

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

**Part 7. Merger****16-1a-701 . Definitions.**

Reserved.

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

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

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

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

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

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

(C) type of entity;

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

(i) public organic record; and

(ii) private organic rules that are, or that the surviving entity proposes to be, in a record;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Except as otherwise provided in the plan of merger, a plan of merger may be amended only by the consent of each party to the plan of merger.

(2) A domestic merging entity may approve an amendment to a plan of merger:

(a) in the same manner as the plan of merger was approved, if the plan does not provide for the manner by which the domestic merging entity may amend the plan of merger;  
or

(b) subject to Subsection (3), by the governors or interest holders approving the amendment in the manner provided in the plan of merger.

(3) A governor or interest holder that was entitled to vote on or consent to the approval of a merger is entitled to vote on or consent to an amendment that will change:

(a) the amount or kind of interests, securities, obligations, money, other property, rights to acquire interests or securities, or a combination that the interest holders of a party to the plan of merger will receive;

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

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

(4)(a) After the parties to a plan of merger approve the plan and before a statement of merger is effective, the parties to a merger may abandon a plan of merger in a manner provided in the plan of merger.

(b) Unless prohibited by the plan of merger, a domestic filing entity may abandon the

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

merger approve as part of the plan of merger;

(g) if the surviving entity is created by the merger and is a domestic filing entity, the domestic filing entity's public organic record;

(h) if the surviving entity is created by the merger and is a domestic limited liability partnership, the surviving entity's statement of qualification; and

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

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

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

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

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

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

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

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

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

(6) A statement of merger is effective on:

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

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

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

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

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

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

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

**16-1a-707 . Effect of merger.**

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

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



2984 appraisal right; and

2985 (b) the organic rules limit or eliminate the availability of an appraisal right.

2986 (3) An interest holder in a new entity is entitled to a contractual appraisal right in  
2987 connection with the merger, conversion, or domestication to the extent provided in:

2988 (a) the new entity's organic rules;

2989 (b) the plan; or

2990 (c) for a business corporation, an action of the business corporation's governors.

2991 Section 67. Section **16-1a-709** is enacted to read:

2992 **16-1a-709 . Required notice or approval -- Effect of merger on property and gifts.**

2993 (1) A domestic entity or a foreign entity that is required under this part to give notice to, or  
2994 obtain the approval of, a government agency or a government officer of this state in  
2995 order to be a party to a merger shall also give the notice or obtain the required approval  
2996 when the domestic entity or foreign entity becomes a party to an interest exchange, a  
2997 conversion, or a domestication.

2998 (2) A domestic entity or a foreign entity that holds property for a charitable purpose under  
2999 the law of this state at the time a transaction governed by this part occurs shall retain  
3000 possession of the property to the extent permitted under law.

3001 (3) A bequest, devise, gift, or promise contained in a will or other instrument of donation or  
3002 conveyance that a person makes to an acquired entity that takes effect remains payable  
3003 after the merger to the acquiring entity.

3004 (4) An acquired entity's trust obligation transfers to the acquiring entity after a merger.

3005 Section 68. Section **16-1a-801** is enacted to read:

3006 **Part 8. Interest Exchange**

3007 **16-1a-801 . Definitions.**

3008 Reserved.

3009 Section 69. Section **16-1a-802** is enacted to read:

3010 **16-1a-802 . Interest exchange authorized.**

3011 (1) Except as otherwise provided in this section, by complying with this part:

3012 (a) a domestic entity may acquire all of one or more classes or series of interests of  
3013 another domestic entity or a foreign entity in exchange for interests, securities,  
3014 obligations, money, other property, or rights to acquire interests or securities;

3015 (b) a domestic entity or foreign entity may acquire all of one or more classes or series of  
3016 interests of a domestic entity in exchange for all of one or more classes or series of  
3017 interests of a domestic entity; or

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

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

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

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

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

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

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

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

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

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

(d) any proposed amendment to:

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

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

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

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

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

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

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

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

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

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

- 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

statement of interest exchange takes effect.

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

(c) After a statement of abandonment takes effect, the interest exchange is abandoned and does not become effective.

(6) A statement of abandonment shall contain:

(a) the name of the acquired entity;

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

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

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

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

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

(2) A statement of interest exchange shall contain:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) the rights provided to the interest holder:

(A) under the plan of interest exchange; or

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

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

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

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

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

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

(3) When an interest exchange takes effect:

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

- (i) to the extent provided by the organic law of the domestic entity; and
- (ii) for a debt, obligation, or other liability that the domestic entity incurs after the interest exchange takes effect; and
- (b) the following conditions apply to the interest holder liability of a person that no longer holds an interest in a domestic acquired entity if the person had interest holder liability in the domestic acquired entity:
- (i) the interest exchange does not discharge any interest holder liability under the organic law of the domestic acquired entity to the extent the person incurred the interest holder liability before the interest exchange became effective;
- (ii) the person does not have interest holder liability under the organic law of the domestic acquired entity for a debt, obligation, or other liability that the domestic acquired entity incurs after the interest exchange takes effect;
- (iii) the person does not have interest holder liability under the organic law of the domestic entity for any debt, obligation, or other liability preserved under Subsection (3)(b)(i) as though the interest exchange had not occurred; and
- (iv) the person has whatever rights of contribution from any other person in accordance with other law or the organic law or organic rules of the domestic acquired entity with respect to any interest holder liability preserved under Subsection (3)(b)(i) as if the interest exchange had not occurred.

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

## **Part 9. Conversion**

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

Reserved.

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

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

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

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

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

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

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

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

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

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



- 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

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

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

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

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

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

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

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

(a) sign a statement of abandonment; and

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

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

(5) A statement of abandonment shall contain:

(a) the name of the converting entity;

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

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

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

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

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

conversion to the division for filing.

(2) A statement of conversion shall contain:

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

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

(c) if the statement of conversion is not to be effective upon filing, the later day and time

on which the statement of conversion will take effect, which may not be more than

90 days after the day on which the division files the statement of conversion;

(d)(i) if the converting entity is a domestic entity, a statement that the converting

entity approved the plan of conversion in accordance with Section 16-1a-904; or

(ii) if the converting entity is a foreign entity, a statement that the converting entity

approved the plan of conversion in accordance with the law of the converting

entity's jurisdiction of formation;

(e) if the converting entity is a domestic entity, the converting entity's public organic

record;

(f) if the converted entity is a domestic limited liability partnership, the converted

entity's statement of qualification; and

(g) if the converted entity is a foreign entity that is not a registered foreign entity, a

mailing address to which the division may send any process served on the division.

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

any other provision not prohibited by law.

(4) If the converted entity is a domestic entity, the converted entity's public organic record,

if any, shall satisfy the requirements of the laws of this state, except that the public

organic record:

(a) is not required to be signed; and

(b) is not required to be included in a restatement of the public organic record.

(5)(a) A domestic converting entity may deliver a plan of conversion that a domestic

converting entity signs and that meets all of the requirements of Subsection (2) to the

division for filing instead of a statement of conversion.

(b) A domestic converting entity delivering a plan of conversion in accordance with

Subsection (5)(a) has the same effect as delivering a statement of conversion to the

division.

(c) If a domestic converting entity delivers a plan of conversion as described in this

Subsection (5), all references to a statement of conversion refer to the plan of

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



statement of domestication to the division for filing and before the statement of abandonment is effective, the domestic domesticating entity shall:

(a) sign a statement of abandonment; and

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

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

(5) A statement of abandonment shall contain:

(a) the name of the domesticating entity;

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

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

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

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

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

(2) A statement of domestication shall contain:

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

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

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

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

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

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

(f) if the domesticated entity is a domestic limited liability partnership, the domesticated

- entity's statement of qualification; and
- (g) if the domesticated entity is a foreign entity that is not a registered foreign entity, a mailing address to which the division may send any process served on the division.
- (3) In addition to the requirements of Subsection (2), a statement of domestication may contain any other provision not prohibited by law.
- (4) If the domesticated entity is a domestic entity, the domesticated entity's public organic record, if any, shall satisfy the requirements of the laws of this state, except that the public organic record:
- (a) is not required to be signed; and
- (b) may omit any provision that is not required to be included in a restatement of the public organic record.
- (5)(a) A domestic domesticating entity may deliver a plan of domestication that a domestic domesticating entity signs and that meets all of the requirements of Subsection (2) to the division for filing instead of a statement of domestication.
- (b) A domestic domesticating entity delivering a plan of domestication in accordance with Subsection (5)(a) has the same effect as delivering a statement of domestication to the division.
- (c) If a domestic domesticating entity delivers a plan of domestication as described in this Subsection (5), all references to a statement of domestication refer to the plan of domestication filed in accordance with this part.
- (6) A statement of domestication takes effect on the day and time:
- (a) on which the domestic domesticating entity delivers the statement of domestication to the division for filing; or
- (b) specified in the statement of domestication that is later than the day and time on which the domestic domesticating entity delivers the statement of domestication to the division for filing.
- (7)(a) If a domesticated entity is a domestic entity, a domestication takes effect on the day and time on which the statement of domestication takes effect.
- (b) If a domesticated entity is a foreign entity, the domestication takes effect on the later of:
- (i) the day and time provided by the organic law of the domesticated entity; or
- (ii) the day and time on which the statement of domestication takes effect.

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

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

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

holder liability in the domestic domesticating entity:

(i) the domestication does not discharge any interest holder liability under the organic law of the domestic domesticating entity to the extent the person incurred the interest holder liability before the domestication takes effect;

(ii) the person does not have interest holder liability under the organic law of the domestic domesticating entity for a debt, obligation, or other liability that the domesticated entity incurs after the domesticating takes effect;

(iii) the organic law of the domestic domesticating entity continues to apply to the release, collection, or discharge of any interest holder liability preserved under Subsection (1)(k)(i) as if the domestication does not occur; and

(iv) the person has whatever rights of contribution from any other person as provided by other law or the organic rules of the domestic domesticating entity with respect to any interest holder liability preserved under Subsection (1)(k)(i) as if the domestication does not occur.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Part 1. General Provisions**

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

As used in this chapter:

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

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

partnership to become a partner or in the person's capacity as a partner.

(3) "Debtor in bankruptcy" means a person that is the subject of:

(a) an order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or

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

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

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

[(a)] includes:

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

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

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

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

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

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

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

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

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

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

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

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

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;



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

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

(b) is deemed to know it under Subsection (4)(a) or law other than this chapter.

(2) A person has notice of a fact if the person:

(a) has reason to know the fact from all the facts known to the person at the time in question; or

(b) is deemed to have notice of the fact under Subsection (4)(b).

(3) Subject to ~~[Subsection 48-1d-116(6)]~~ Section 16-1a-211, a person notifies another person of a fact by taking steps reasonably required to inform the other person in ordinary course, whether or not those steps cause the other person to know the fact.

(4) A person not a partner is deemed:

(a) to know of a limitation on authority to transfer real property as provided in Subsection ~~[48-1d-303(7)]~~ 16-18-303(7); and

(b) to have notice of:

(i) a partner's dissociation 90 days after a statement of dissociation under Section ~~[48-1d-804]~~ 16-18-804 becomes effective; and

(ii) a partnership's:

(A) dissolution 90 days after a statement of dissolution under Subsection ~~[48-1d-902(2)(b)(i)]~~ 16-18-902(2)(b)(i) becomes effective;

(B) termination 90 days after a statement of termination under Subsection ~~[48-1d-902(2)(b)(vi)]~~ 16-18-902(2)(b)(vi) becomes effective;

(C) participation in a merger, interest exchange, conversion, or domestication 90 days after a statement of merger, interest exchange, conversion, or domestication under ~~[Part 10, Merger, Interest Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective; and

(D) abandonment of a merger, interest exchange, conversion, or domestication 90 days after a statement of abandonment of merger, interest exchange, conversion, or domestication under ~~[Part 10, Merger, Interest Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective.

(5) A partner's knowledge or notice of a fact relating to the partnership is effective immediately as knowledge of or notice to the partnership, except in the case of a fraud on the partnership committed by or with the consent of that partner.

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

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

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

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

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

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

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

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

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

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

- 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 ~~[(ii)]~~ (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

the satisfaction of a condition.

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

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

(b) ~~[-]~~Subject only to a court order issued under Subsection ~~[48-1d-604(2)(b)]~~ 16-18-604(2)(b) to effectuate a charging order, an amendment to the partnership agreement made after a person becomes a transferee or is dissociated as a partner:

~~[(a)]~~ (i) is effective with regard to any debt, obligation, or other liability of the partnership or its partners to the person in the person's capacity as a transferee or person dissociated as a partner; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Part 2. Nature of Partnership**

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

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

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

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

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



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

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

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

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

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

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

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

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

(a) the partnership; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) [-]The statement:

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

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

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

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

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

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

[~~(e)~~] (iii) may state the authority, or limitations on the authority, of a specific person to:

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

[(ii)] (B) enter into other transactions on behalf of, or otherwise act for or bind, the partnership.

(2) To amend or cancel a statement of authority filed by the division, a partnership must deliver to the division for filing an amendment or cancellation stating:

(a) the name of the partnership;

(b) the street and mailing addresses of the partnership's principal office;

(c) the date the statement of authority being affected became effective; and

(d) the contents of the amendment or a declaration that the statement of authority is canceled.

(3) A statement of authority affects only the power of a person to bind a partnership to persons that are not partners.

(4) Subject to Subsection (3) and Subsection [~~48-1d-103(4)(a)~~] 16-18-102(4)(a), and except as otherwise provided in Subsections (6), (7), and (8), a limitation on the authority of a person or a position contained in an effective statement of authority is not by itself evidence of any person's knowledge or notice of the limitation.

(5) Subject to Subsection (3), a grant of authority not pertaining to transfers of real property and contained in an effective statement of authority is conclusive in favor of a person that gives value in reliance on the grant, except to the extent that if the person gives value:

(a) the person has knowledge to the contrary;

(b) the statement of authority has been canceled or restrictively amended under Subsection (2); or

(c) a limitation on the grant is contained in another statement of authority that became effective after the statement of authority containing the grant became effective.

(6) Subject to Subsection (3), an effective statement of authority that grants authority to transfer real property held in the name of the partnership and a certified copy of which is recorded in the office for recording transfers of the real property is conclusive in favor of a person that gives value in reliance on the grant without knowledge to the contrary, except to the extent that when the person gives value:

(a) the statement of authority has been canceled or restrictively amended under

Subsection (2), and a certified copy of the cancellation or restrictive amendment has been recorded in the office for recording transfers of the real property; or

- (b) a limitation on the grant is contained in another statement of authority that became effective after the statement of authority containing the grant became effective, and a certified copy of the later-effective statement of authority is recorded in the office for recording transfers of the real property.

- (7) Subject to Subsection (3), if a certified copy of an effective statement of authority containing a limitation on the authority to transfer real property held in the name of a partnership is recorded in the office for recording transfers of that real property, all persons are deemed to know of the limitation.
- (8) Subject to Subsection (9), an effective statement of dissolution is a cancellation of any filed statement of authority for the purposes of Subsection (6) and is a limitation on authority for purposes of Subsection (7).

- (9)(a) After a statement of dissolution becomes effective, a partnership may deliver to the division for filing and, if appropriate, may record a statement of authority that is designated as a postdissolution statement of authority.
- (b) [–]The postdissolution statement of authority operates as provided in Subsections (6) and (7).

- (10)(a) Unless canceled earlier, an effective statement of authority is canceled by operation of law five years after the date on which the statement of authority, or [its] the statement of authority's most recent amendment, becomes effective.
- (b) [–]Cancellation is effective without recording under Subsection (6) or (7).
- (11) An effective statement of denial operates as a restrictive amendment under this section and may be recorded by certified copy for purposes of Subsection (6)(a).

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

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

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

- (1) provides the name of the partnership and the caption of the statement of authority to which the statement of denial pertains; and
- (2) denies the grant of authority.

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

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

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

- (6)(a) Subsection (3) and [~~Part 11, Limited Liability Partnerships~~] Part 10, Limited Liability Partnerships, do not alter any law applicable to the relationship between a person providing a professional service and a person receiving the professional service, including liability arising out of those professional services.
- (b) [-]A person providing a professional service remains personally liable for a result of that person's act or omission.

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

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

- (1) A partnership may sue and be sued in the name of the partnership.
- (2) To the extent not inconsistent with Section [~~48-1d-306~~] 16-18-306, a partner may be joined in an action against the partnership or named in a separate action.
- (3)(a) A judgment against a partnership is not by itself a judgment against a partner.
- (b) [-]A judgment against a partnership may not be satisfied from a partner's assets unless there is also a judgment against the partner.
- (4) A judgment creditor of a partner may not levy execution against the assets of the partner to satisfy a judgment based on a claim against the partnership unless the partner is personally liable for the claim under Section [~~48-1d-306~~] 16-18-306, and:
- (a) a judgment based on the same claim has been obtained against the partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;
- (b) the partnership is a debtor in bankruptcy;
- (c) the partner has agreed that the creditor need not exhaust partnership assets;
- (d) a court grants permission to the judgment creditor to levy execution against the assets of a partner based on a finding that partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of partnership assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or
- (e) liability is imposed on the partner by law or contract independent of the existence of the partnership.
- (5) This section applies to any partnership liability or obligation resulting from a representation by a partner or purported partner under Section [~~48-1d-308~~] 16-18-308.

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

and amended to read:

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

- (1)(a) If a person, by words or conduct, purports to be a partner, or consents to being represented by another as a partner, in a partnership or with one or more persons not partners, the purported partner is liable to a person to whom the representation is made, if that person, relying on the representation, enters into a transaction with the actual or purported partnership.
- (b) [–]If the representation, either by the purported partner or by a person with the purported partner's consent, is made in a public manner, the purported partner is liable to a person who relies upon the purported partnership even if the purported partner is not aware of being held out as a partner to the claimant.
- (c) [–]If partnership liability results, the purported partner is liable with respect to that liability as if the purported partner were a partner.
- (d) [–]If no partnership liability results, the purported partner is liable with respect to that liability jointly and severally with any other person consenting to the representation.
- (2)(a) If a person is thus represented to be a partner in an existing partnership, or with one or more persons not partners, the purported partner is an agent of persons consenting to the representation to bind them to the same extent and in the same manner as if the purported partner were a partner, with respect to persons who enter into transactions in reliance upon the representation.
- (b) [–]If all the partners of the existing partnership consent to the representation, a partnership act or obligation results.
- (c) [–]If fewer than all the partners of the existing partnership consent to the representation, the person acting and the partners consenting to the representation are jointly and severally liable.
- (3) A person is not liable as a partner merely because the person is named by another in a statement of partnership authority.
- (4) A person does not continue to be liable as a partner merely because of a failure to file a statement of dissociation or to amend a statement of partnership authority to indicate the partner's dissociation from the partnership.
- (5) Except as otherwise provided in Subsections (1) and (2), persons who are not partners as to each other are not liable as partners to other persons.

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



and amended to read:

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

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

- (1) Upon formation of a partnership, a person becomes a partner under Subsection [ ~~48-1d-202(1)~~ 16-18-202(1).
- (2) After formation of a partnership, a person becomes a partner:
  - (a) as provided in the partnership agreement;
  - (b) as a result of a transaction effective under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication; or
  - (c) with the consent of all the partners.
- (3) A person may become a partner without either:
  - (a) acquiring a transferable interest; or
  - (b) making or being obligated to make a contribution to the partnership.

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

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

- (1) Each partner has equal rights in the management and conduct of the partnership's activities and affairs.
- (2) A partner may use or possess partnership property only on behalf of the partnership.
- (3) A partner is not entitled to remuneration for services performed for the partnership, except for reasonable compensation for services rendered in winding up the activities and affairs of the partnership.
- (4) A difference arising among partners as to a matter in the ordinary course of the activities of the partnership shall be decided by a majority of the partners.
- (5)(a) An act outside the ordinary course of the activities and affairs of the partnership may be undertaken only with the consent of all partners.
- (b) ~~[-]~~An act outside the ordinary course of business of a partnership, an amendment to the partnership agreement, and the approval of a transaction under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, may be undertaken only with the affirmative vote or consent of all of the partners.

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

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

- (1) A partnership shall keep [its] the partnership's books and records, if any, at [its] the partnership's principal office.
- (2) On reasonable notice, a partner may inspect and copy during regular business hours, at a reasonable location specified by the partnership, any record maintained by the partnership regarding the partnership's activities, affairs, financial condition, and other circumstances, to the extent the information is material to the partner's rights and duties under the partnership agreement or this chapter.
- (3) The partnership shall furnish to each partner:
  - (a) without demand, any information concerning the partnership's activities, affairs, financial condition, and other circumstances which the partnership knows and is material to the proper exercise of the partner's rights and duties under the partnership agreement or this chapter, except to the extent the partnership can establish that [it] the partnership reasonably believes the partner already knows the information; and
  - (b) on demand, any other information concerning the partnership's activities, affairs, financial condition, and other circumstances, except to the extent the demand or information demanded is unreasonable or otherwise improper under the circumstances.
- (4) The duty to furnish information under Subsection (3) also applies to each partner to the extent the partner knows any of the information described in Subsection (3).
- (5) Subject to Subsection (8), on 10 days' demand made in a record received by a partnership, a person dissociated as a partner may have access to information to which the person was entitled while a partner if:
  - (a) the information pertains to the period during which the person was a partner;
  - (b) the person seeks the information in good faith; and
  - (c) the person satisfies the requirements imposed on a partner by Subsection (2).
- (6) Not later than 10 days after receiving a demand under Subsection (5), the partnership in a record shall inform the person that made the demand of:
  - (a) the information that the partnership will provide in response to the demand and when and where the partnership will provide the information; and
  - (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

person ultimately is determined not to be entitled to be indemnified under Subsection (2).

- (4) A partnership may purchase and maintain insurance on behalf of a partner against liability asserted against or incurred by the partner in that capacity or arising from that status even if, under Subsection [~~48-1d-106(3)(g)~~] 16-18-105(3)(g), the partnership agreement could not eliminate or limit the person's liability to the partnership for the conduct giving rise to the liability.
- (5) A partnership shall reimburse a partner for an advance to the partnership beyond the amount of capital the partner agreed to contribute.
- (6) A payment or advance made by a partner which gives rise to a partnership obligation under Subsection (1) or (5) constitutes a loan to the partnership which accrues interest from the date of the payment or advance.

Section 122. Section **16-18-405**, which is renumbered from Section ~~48-1d-405~~ is renumbered and amended to read:

**[~~48-1d-405~~] 16-18-405 . Standards of conduct for partners.**

- (1) A partner owes to the partnership and the other partners the duties of loyalty and care stated in Subsections (2) and (3).
- (2) The duty of loyalty of a partner includes the duties:
- (a) to account to the partnership and hold as trustee for it any property, profit, or benefit derived by the partner:
    - (i) in the conduct or winding up of the partnership's activities and affairs;
    - (ii) from a use by the partner of the partnership's property; or
    - (iii) from the appropriation of a partnership opportunity;
  - (b) to refrain from dealing with the partnership in the conduct or winding up of the partnership's activities and affairs as or on behalf of a person having an interest adverse to the partnership; and
  - (c) to refrain from competing with the partnership in the conduct of the partnership's activities and affairs before the dissolution of the partnership.
- (3) The duty of care of a partner in the conduct or winding up of the partnership's activities and affairs is to refrain from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.
- (4) A partner shall discharge the duties and obligations under this chapter or under the partnership agreement and exercise any rights consistently with the contractual obligation of good faith and fair dealing.
- (5) A partner does not violate a duty or obligation under this chapter or under the

partnership agreement solely because the partner's conduct furthers the partner's own interest.

- (6) All the partners may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty.
- (7) It is a defense to a claim under Subsection (2)(b) and any comparable claim in equity or at common law that the transaction was fair to the partnership.
- (8) If, as permitted by Subsection (6) or the partnership agreement, a partner enters into a transaction with the partnership which otherwise would be prohibited by Subsection (2)(b), the partner's rights and obligations arising from the transaction are the same as those of a person that is not a partner.

Section 123. Section **16-18-406**, which is renumbered from Section 48-1d-406 is renumbered and amended to read:

**[48-1d-406] 16-18-406 . Actions by partnership and partners.**

- (1) A partnership may maintain an action against a partner for a breach of the partnership agreement, or for the violation of a duty to the partnership, causing harm to the partnership.
- (2) A partner may maintain an action against the partnership or another partner for legal or equitable relief, with or without an accounting as to the partnership's activities and affairs, to:
- (a) enforce the partner's rights under the partnership agreement;
  - (b) enforce the partner's rights under this chapter; or
  - (c) enforce the rights and otherwise protect the interests of the partner, including rights and interests arising independently of the partnership relationship.
- (3)(a) The accrual of, and any time limitation on, a right of action for a remedy under this section is governed by other law.
- (b) [-]A right to an accounting upon a dissolution and winding up does not revive a claim barred by law.

Section 124. Section **16-18-407**, which is renumbered from Section 48-1d-407 is renumbered and amended to read:

**[48-1d-407] 16-18-407 . Continuation of partnership beyond definite term or particular undertaking.**

- (1) If a partnership for a definite term or particular undertaking is continued, without an express agreement, after the expiration of the term or completion of the undertaking, the rights and duties of the partners remain the same as they were at the expiration or

completion, so far as is consistent with a partnership at will.

- (2) If the partners, or those of them who habitually acted in the business during the term or undertaking, continue the business without any settlement or liquidation of the partnership, they are presumed to have agreed that the partnership will continue.

Section 125. Section **16-18-501**, which is renumbered from Section 48-1d-501 is renumbered and amended to read:

### **Part 5. Contributions and Distributions**

#### **[48-1d-501] 16-18-501 . Form of contribution.**

A contribution may consist of property transferred to, services performed for, or other benefit provided to the partnership or an agreement to transfer property to, perform services for, or provide another benefit to the partnership.

Section 126. Section **16-18-502**, which is renumbered from Section 48-1d-502 is renumbered and amended to read:

#### **[48-1d-502] 16-18-502 . Liability for contribution.**

- (1) A person's obligation to make a contribution to a partnership is not excused by the person's death, disability, dissolution, or other inability to perform personally.
- (2) If a person does not fulfill an obligation to make a contribution other than money, the person is obligated at the option of the partnership to contribute money equal to the value of the part of the contribution which has not been made.
- (3)(a) The obligation of a person to make a contribution may be compromised only by consent of all partners.
- (b) [-]If a creditor of a limited liability partnership extends credit or otherwise acts in reliance on an obligation described in Subsection (1), without notice of a compromise under this Subsection (3), the creditor may enforce the obligation.

Section 127. Section **16-18-503**, which is renumbered from Section 48-1d-503 is renumbered and amended to read:

#### **[48-1d-503] 16-18-503 . Sharing of and right to distributions before dissolution.**

- (1) Any distributions made by a partnership before [its] the partnership's dissolution and winding up must be in equal shares among partners, except to the extent necessary to comply with a transfer effective under Section [48-1d-603] 16-18-603 or charging order in effect under Section [48-1d-604] 16-18-604.
- (2) A person has a right to a distribution before the dissolution and winding up of a partnership only if the partnership decides to make an interim distribution.
- (3)(a) A person does not have a right to demand or receive a distribution from a

partnership in any form other than money.

(b) [–]Except as otherwise provided in Section [48-1d-906] 16-18-906, a partnership may distribute an asset in kind only if each part of the asset is fungible with each other part and each person receives a percentage of the asset equal in value to the person's share of distributions.

(4)(a) If a partner or transferee becomes entitled to receive a distribution, the partner or transferee has the status of, and is entitled to all remedies available to, a creditor of the partnership with respect to the distribution.

(b) [–]However, the partnership's obligation to make a distribution is subject to offset for any amount owed to the partnership by the partner or a person dissociated as partner on whose account the distribution is made.

Section 128. Section **16-18-504**, which is renumbered from Section 48-1d-504 is renumbered and amended to read:

**[48-1d-504] 16-18-504 . Limitation on distributions by limited liability partnership.**

(1) A limited liability partnership may not make a distribution, including a distribution under Section [48-1d-906] 16-18-906, if after the distribution:

(a) the limited liability partnership would not be able to pay [its] the limited liability partnership's debts as [they] the debts become due in the ordinary course of the partnership's activities and affairs; or

(b) the limited liability partnership's total assets would be less than the sum of [its] the limited liability partnership's total liabilities plus, unless the partnership agreement permits otherwise, the amount that would be needed, if the partnership were to be dissolved and wound up at the time of the distribution, to satisfy the preferential rights upon dissolution and winding up of partners and transferees whose preferential rights are superior to the right to receive distributions of the persons receiving the distribution.

(2) A limited liability partnership may base a determination that a distribution is not prohibited under Subsection (1) on:

(a) financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances; or

(b) a fair valuation or other method that is reasonable under the circumstances.

(3) Except as otherwise provided in Subsection (5), the effect of a distribution under Subsection (1) is measured:

(a) in the case of a distribution as defined in Subsection [~~48-1d-102(4)(a)~~]

16-18-101(4)(a), as of the earlier of the date:

(i) money or other property is transferred or debt is incurred by the limited liability partnership; or

(ii) the person entitled to the distribution ceases to own the interest or rights being acquired by the limited liability partnership in return for the distribution;

(b) in the case of any other distribution of indebtedness, as of the date the indebtedness is distributed; and

(c) in all other cases, as of the date:

(i) the distribution is authorized, if the payment occurs not later than 120 days after that date; or

(ii) the payment is made, if the payment occurs more than 120 days after the distribution is authorized.

(4) A limited liability partnership's indebtedness to a partner or transferee incurred by reason of a distribution made in accordance with this section is at parity with the limited liability partnership's indebtedness to its general, unsecured creditors, except to the extent subordinated by agreement.

(5)(a) A limited liability partnership's indebtedness, including indebtedness issued as a distribution, is not a liability for purposes of Subsection (1) if the terms of the indebtedness provide that payment of principal and interest is made only if and to the extent that a payment of a distribution could then be made under this section.

(b) [~~-~~]If the indebtedness is issued as a distribution, each payment of principal or interest is treated as a distribution, the effect of which is measured on the date the payment is made.

(6) In measuring the effect of a distribution under Section [~~48-1d-906~~] 16-18-906, the liabilities of a dissolved limited liability partnership do not include any claim that has been disposed of under Sections [~~48-1d-907~~] 16-18-907, [~~48-1d-908~~] 16-18-908, and [~~48-1d-909~~] 16-18-909.

Section 129. Section **16-18-505**, which is renumbered from Section 48-1d-505 is renumbered and amended to read:

**[~~48-1d-505~~] 16-18-505 . Liability for improper distributions by a limited liability partnership.**

(1) If a partner of a limited liability partnership consents to a distribution made in violation of Section [~~48-1d-504~~] 16-18-504 and in consenting to the distribution fails to comply



with Section ~~[48-1d-405]~~ 16-18-405, the partner is personally liable to the limited liability partnership for the amount of the distribution which exceeds the amount that could have been distributed without the violation of Section ~~[48-1d-504]~~ 16-18-504.

(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 the extent that the distribution received by the person exceeded the amount that could have been properly paid under Section ~~[48-1d-504]~~ 16-18-504.

(3) A person against which an action is commenced because the person is liable under Subsection (1) may:

(a) implead any other person that is liable under Subsection (1) and seek to enforce a right of contribution from the person; and

(b) implead any person that received a distribution in violation of Subsection (2) and seek to enforce a right of contribution from the person in the amount the person received in violation of Subsection (2).

(4) An action under this section is barred unless commenced not later than two years after the distribution.

Section 130. Section **16-18-601**, which is renumbered from Section 48-1d-601 is renumbered and amended to read:

#### **Part 6. Transfer Interests and Rights of Transferees and Creditors**

##### **~~[48-1d-601]~~ 16-18-601 . Partner not co-owner of partnership property.**

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

Section 131. Section **16-18-602**, which is renumbered from Section 48-1d-602 is renumbered and amended to read:

##### **~~[48-1d-602]~~ 16-18-602 . Nature of transferable interest.**

A transferable interest is personal property.

Section 132. Section **16-18-603**, which is renumbered from Section 48-1d-603 is renumbered and amended to read:

##### **~~[48-1d-603]~~ 16-18-603 . Transfer of transferable interest.**

(1) A transfer, in whole or in part, of a transferable interest:

(a) is permissible;

(b) does not by itself cause a person's dissociation or a dissolution and winding up of the partnership's activities and affairs; and

(c) subject to Section ~~[48-1d-605]~~ 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

distribution that otherwise would be paid to the judgment debtor.

- (2) To the extent necessary to effectuate the collection of distributions pursuant to a charging order in effect under Subsection (1), the court may:
- (a) appoint a receiver of the distributions subject to the charging order, with the power to make all inquiries the judgment debtor might have made; and
  - (b) make all other orders necessary to give effect to the charging order.
- (3)(a) Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the transferable interest.
- (b) [–]The purchaser at the foreclosure sale obtains only the transferable interest, does not thereby become a partner, and is subject to Section ~~[48-1d-603]~~ 16-18-603.
- (4) At any time before foreclosure under Subsection (3), the partner or transferee whose transferable interest is subject to a charging order under Subsection (1) may extinguish the charging order by satisfying the judgment and filing a certified copy of the satisfaction with the court that issued the charging order.
- (5) At any time before foreclosure under Subsection (3), a partnership or one or more partners whose transferable interests are not subject to the charging order may pay to the judgment creditor the full amount due under the judgment and thereby succeed to the rights of the judgment creditor, including the charging order.
- (6) This chapter does not deprive any partner or transferee of the benefit of any exemption law applicable to the transferable interest of the partner or transferee.
- (7) This section provides the exclusive remedy by which a person seeking to enforce a judgment against a partner or transferee, in the capacity of judgment creditor, may satisfy the judgment from the judgment debtor's transferable interest.

Section 134. Section **16-18-605**, which is renumbered from Section 48-1d-605 is renumbered and amended to read:

**[48-1d-605] 16-18-605 . Power of legal representative of deceased partner.**

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

- (1) the rights of a transferee provided in Subsection ~~[48-1d-603(3)]~~ 16-18-603(3); and
- (2) for purposes of settling the estate, the rights the deceased partner had under Section ~~[48-1d-403]~~ 16-18-403.

Section 135. Section **16-18-701**, which is renumbered from Section 48-1d-701 is renumbered and amended to read:

**Part 7. Dissociation**

**[48-1d-701] 16-18-701 . Events causing dissociation.**

A person is dissociated as a partner when:

- (1) the partnership has notice of the person's express will to withdraw as a partner, but, if the person specified a withdrawal date later than the date the partnership had notice, on that later date;
- (2) an event stated in the partnership agreement as causing the person's dissociation occurs;
- (3) the person is expelled as a partner ~~[pursuant to]~~ in accordance with the partnership agreement;
- (4) the person is expelled as a partner by the unanimous vote or consent of the other partners if:
  - (a) it is unlawful to carry on the partnership's activities and affairs with the person as a partner;
  - (b) there has been a transfer of all of the person's transferable interest in the partnership, other than:
    - (i) a transfer for security purposes; or
    - (ii) a charging order in effect under Section ~~[48-1d-604]~~ 16-18-604, which has not been foreclosed;
  - (c) the person is a corporation and:
    - (i) the partnership notifies the person that ~~[it]~~ the person will be expelled as a partner because the person has filed a statement of dissolution or the equivalent, ~~[its]~~ the person's charter has been revoked, or ~~[its]~~ the person's right to conduct business has been suspended by the jurisdiction of ~~[its]~~ the person's incorporation; and
    - (ii) not later than 90 days after the notification, the statement of dissolution or the equivalent has not been revoked or the charter or right to conduct business has not been reinstated; or
  - (d) the person is an unincorporated entity that has been dissolved and whose business is being wound up;
- (5) on application by the partnership or another partner, the person is expelled as a partner by judicial order because the person:
  - (a) has engaged or is engaging in wrongful conduct that has affected adversely and materially, or will affect adversely and materially, the partnership's activities and affairs;
  - (b) has committed willfully or persistently, or is committing willfully or persistently, a material breach of the partnership agreement or a duty or obligation under Section [

48-1d-405] 16-18-405; or

(c) engaged or is engaging in conduct relating to the partnership's activities and affairs which makes it not reasonably practicable to carry on the partnership's activities and affairs with the person as a partner;

(6) in the case of an individual:

(a) the individual dies;

(b) a guardian or general conservator for the individual is appointed; or

(c) a court orders that the individual has otherwise become incapable of performing the individual's duties as a partner under this chapter or the partnership agreement;

(7) the person:

(a) becomes a debtor in bankruptcy;

(b) executes an assignment for the benefit of creditors; or

(c) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the person or of all, or substantially all, of the person's property;

(8) in the case of a person that is a testamentary or inter vivos trust or is acting as a partner by virtue of being a trustee of such a trust, the trust's entire transferable interest in the partnership is distributed;

(9) in the case of a person that is an estate or is acting as a partner by virtue of being a personal representative of an estate, the estate's entire transferable interest in the partnership is distributed, but not merely by reason of the substitution of a successor personal representative;

(10) in the case of a person that is not an individual, corporation, unincorporated entity, trust, or estate, the existence of the person terminates;

(11) the partnership participates in a merger under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, and:

(a) the partnership is not the surviving entity; or

(b) otherwise as a result of the merger, the person ceases to be a partner;

(12) the partnership participates in an interest exchange under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 8, Interest Exchange, and, as a result of the interest exchange, the person ceases to be a partner;

(13) the partnership participates in a conversion under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 9, Conversion;

(14) the partnership participates in a domestication under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 10, Domestication, and, as a

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

activities and affairs terminates, except as otherwise provided in Subsection [48-1d-902(3)] 16-18-902(3); and

(b) the person's duties and obligations under Section [48-1d-405] 16-18-405:

(i) end with regard to matters arising and events occurring after the person's dissociation; and

(ii) continue only with regard to matters arising and events occurring before the person's dissociation, unless the partner participates in winding up the partnership's activities and affairs [~~pursuant to~~] in accordance with Section [48-1d-902] 16-18-902.

(3) A person's dissociation does not of itself discharge the person from a debt, obligation, or other liability to the partnership or the other partners which the person incurred while a partner.

Section 138. Section **16-18-801**, which is renumbered from Section 48-1d-801 is renumbered and amended to read:

#### **Part 8. Partner's Dissociation When Business Not Wound Up**

##### **[48-1d-801] 16-18-801 . Purchase of interest of person dissociated as partner.**

- (1) If a person is dissociated as a partner without the dissociation resulting in a dissolution and winding up of the partnership's activities and affairs under Section [48-1d-901] 16-18-901, the partnership shall cause the person's interest in the partnership to be purchased for a buyout price determined [~~pursuant to~~] in accordance with Subsection (2).
- (2) The buyout price of the interest of a person dissociated as a partner is the amount that would have been distributable to the person under Subsection [48-1d-906(2)] 16-18-906(2) if, on the date of dissociation, the assets of the partnership were sold and the partnership were wound up, with the sale price equal to the greater of:
  - (a) the liquidation value; or
  - (b) the value based on a sale of the entire business as a going concern without the person.
- (3) Interest accrues on the buyout price from the date of dissociation to the date of payment, but damages for wrongful dissociation under Subsection [48-1d-702(2)] 16-18-702(2), and all other amounts owing, whether or not presently due, from the person dissociated as a partner to the partnership, must be offset against the buyout price.
- (4) A partnership shall defend, indemnify, and hold harmless a person dissociated as a partner whose interest is being purchased against all partnership liabilities, whether incurred before or after the dissociation, except liabilities incurred by an act of the person dissociated as a partner under Section [48-1d-802] 16-18-802.

- (5) If no agreement for the purchase of the interest of a person dissociated as a partner is reached not later than 120 days after a written demand for payment, the partnership shall pay, or cause to be paid, in money to the person the amount the partnership estimates to be the buyout price and accrued interest, reduced by any offsets and accrued interest under Subsection (3).
- (6) If a deferred payment is authorized under Subsection (8), the partnership may tender a written offer to pay the amount it estimates to be the buyout price and accrued interest, reduced by any offsets under Subsection (3), stating the time of payment, the amount and type of security for payment, and the other terms and conditions of the obligation.
- (7) The payment or tender required by Subsection (5) or (6) must be accompanied by the following:
- (a) a statement of partnership assets and liabilities as of the date of dissociation;
  - (b) the latest available partnership balance sheet and income statement, if any;
  - (c) an explanation of how the estimated amount of the payment was calculated; and
  - (d) written notice that the payment is in full satisfaction of the obligation to purchase unless, not later than 120 days after the written notice, the person dissociated as a partner commences an action to determine the buyout price, any offsets under Subsection (3), or other terms of the obligation to purchase.
- (8)(a) A person that wrongfully dissociates as a partner before the expiration of a definite term or the completion of a particular undertaking is not entitled to payment of any part of the buyout price until the expiration of the term or completion of the undertaking, unless the person establishes to the satisfaction of the court that earlier payment will not cause undue hardship to the business of the partnership.
- (b) [-]A deferred payment must be adequately secured and bear interest.
- (9)(a) A person dissociated as a partner may maintain an action against the partnership, [pursuant to] in accordance with Subsection [48-1d-406(2)] 16-18-406(2), to determine the buyout price of that person's interest, any offsets under Subsection (3), or other terms of the obligation to purchase.
- (b) [-]The action must be commenced not later than 120 days after the partnership has tendered payment or an offer to pay or within one year after written demand for payment if no payment or offer to pay is tendered.
- (c) [-]The court shall determine the buyout price of the person's interest, any offset due under Subsection (3), and accrued interest, and enter judgment for any additional payment or refund.



(d) [-]If deferred payment is authorized under Subsection (8), the court shall also determine the security for payment and other terms of the obligation to purchase.[-]

(e) The court may assess reasonable attorney's fees and the fees and expenses of appraisers or other experts for a party to the action, in amounts the court finds equitable, against a party that the court finds acted arbitrarily, vexatiously, or not in good faith.

(f) [-]The finding may be based on the partnership's failure to tender payment or an offer to pay or to comply with Subsection (7).

Section 139. Section **16-18-802**, which is renumbered from Section 48-1d-802 is renumbered and amended to read:

**[48-1d-802] 16-18-802 . Power to bind and liability of person dissociated as partner.**

(1) After a person is dissociated as a partner without the dissociation resulting in a dissolution and winding up of the partnership's activities and affairs and before the partnership is merged out of existence, converted, or domesticated under ~~[Part 10, Merger, Interest Exchange, Conversion, and Domestication]~~ Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, or dissolved, the partnership is bound by an act of the person only if:

(a) the act would have bound the partnership under Section ~~[48-1d-301]~~ 16-18-301 before dissociation; and

(b) at the time the other party enters into the transaction:

(i) less than two years has passed since the dissociation; and

(ii) the other party does not know or have notice of the dissociation and reasonably believes that the person is a partner.

(2) If a partnership is bound under Subsection (1), the person dissociated as a partner which caused the partnership to be bound is liable:

(a) to the partnership for any damage caused to the partnership arising from the obligation incurred under Subsection (1); and

(b) if a partner or another person dissociated as a partner is liable for the obligation, to the partner or other person for any damage caused to the partner or other person arising from the liability.

Section 140. Section **16-18-803**, which is renumbered from Section 48-1d-803 is renumbered and amended to read:

**[48-1d-803] 16-18-803 . Liability of person dissociated as partner to other persons.**

- (1)(a) A person's dissociation as a partner does not of itself discharge the person's liability as a partner for a debt, obligation, or other liability of the partnership incurred before dissociation.
- (b) [-]Except as otherwise provided in Subsection (2), the person is not liable for a partnership obligation incurred after dissociation.
- (2) A person that has dissociated as a partner without the dissociation resulting in a dissolution and winding up of the partnership's activities and affairs is liable on a transaction entered into by the partnership after the dissociation only if:
- (a) a partner would be liable on the transaction; and
- (b) at the time the other party enters into the transaction:
- (i) less than two years has passed since the dissociation; and
- (ii) the other party does not have knowledge or notice of the dissociation and reasonably believes that the person is a partner.
- (3) By agreement with a creditor of a partnership and the partnership, a person dissociated as a partner may be released from liability for an obligation of the partnership.
- (4) A person dissociated as a partner is released from liability for an obligation of the partnership if the partnership's creditor, with knowledge or notice of the person's dissociation but without the person's consent, agrees to a material alteration in the nature or time of payment of the obligation.

Section 141. Section **16-18-804**, which is renumbered from Section 48-1d-804 is renumbered and amended to read:

**[48-1d-804] 16-18-804 . Statement of dissociation.**

- (1) A person dissociated as a partner or the partnership may file a statement of dissociation stating the name of the partnership and that the partner is dissociated from the partnership.
- (2) A statement of dissociation is a limitation on the authority of a person dissociated as a partner for the purposes of Subsections [48-1d-303(4)] **16-18-303(4)** and (5).

Section 142. Section **16-18-805**, which is renumbered from Section 48-1d-805 is renumbered and amended to read:

**[48-1d-805] 16-18-805 . Continued use of partnership name.**

Continued use of a partnership name, or name of a person dissociated as a partner as part of the partnership name, by partners continuing the business does not of itself make the person

dissociated as a partner liable for an obligation of the partners or the partnership continuing the business.

Section 143. Section **16-18-901**, which is renumbered from Section 48-1d-901 is renumbered and amended to read:

### **Part 9. Dissolution and Winding Up**

#### **[48-1d-901] 16-18-901 . Events causing dissolution.**

A partnership is dissolved, and the partnership's activities and affairs must be wound up, upon the occurrence of any of the following:

- (1) in a partnership at will, the partnership has notice of a person's express will to withdraw as a partner, other than a partner that has dissociated under Subsections [48-1d-701(2)] 16-18-701(2) through (10), but, if the person specifies a withdrawal date later than the date the partnership had notice, on the later date;
- (2) in a partnership for a definite term or particular undertaking:
  - (a) within 90 days after a person's dissociation by death or otherwise under Subsections [48-1d-701(6)] 16-18-701(6) through (10) or wrongful dissociation under Subsection [48-1d-702(2)] 16-18-702(2), the affirmative vote or consent of at least half of the remaining partners to wind up the partnership's activities and affairs, for which purpose a person's rightful dissociation [~~pursuant to~~] in accordance with Subsection [48-1d-702(2)(b)(i)] 16-18-702(2)(b)(i) constitutes the expression of that partner's consent to wind up the partnership's activities and affairs;
  - (b) the express consent of all the partners to wind up the partnership's activities and affairs; or
  - (c) the expiration of the term or the completion of the undertaking;
- (3) an event or circumstance that the partnership agreement states causes dissolution;
- (4) upon a petition brought by a partner, the entry of a court order dissolving the partnership on the ground that:
  - (a) the conduct of all or substantially all the partnership's activities and affairs is unlawful;
  - (b) the economic purpose of the partnership is likely to be unreasonably frustrated;
  - (c) another partner has engaged in conduct relating to the partnership's activities and affairs which makes it not reasonably practicable to carry on the business in partnership with that partner; or
  - (d) it is not otherwise reasonably practicable to carry on the partnership's activities and affairs in conformity with the partnership agreement;

- 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.

(4)(a) If a dissolved partnership does not have a partner and no person has the right to participate in winding up under Subsection (3), the personal or legal representative of the last person to have been a partner may wind up the partnership's activities and affairs.

(b) [-]If the representative does not exercise that right, a person to wind up the partnership's activities and affairs may be appointed by the consent of transferees owning a majority of the rights to receive distributions at the time the consent is to be effective.

(c) [-]A person appointed under this Subsection (4) has the powers of a partner under Section ~~[48-1d-904]~~ 16-18-904 but is not liable for the debts, obligations, and other liabilities of the partnership solely by reason of having or exercising those powers or otherwise acting to wind up the partnership's activities and affairs.

(5) Upon a petition brought by any partner or person entitled under Subsection (3) to participate in winding up, a court may order judicial supervision of the winding up of a dissolved partnership, including the appointment of a person to wind up the partnership's activities and affairs, if:

(a) the partnership does not have a partner, and within a reasonable time following the dissolution no person has been appointed under Subsection (4); or

(b) the applicant establishes other good cause.

Section 145. Section **16-18-903**, which is renumbered from Section 48-1d-903 is renumbered and amended to read:

**[48-1d-903] 16-18-903 . Rescinding dissolution.**

(1) A partnership may rescind the partnership's dissolution, unless a statement of termination applicable to the partnership is effective or the court has entered an order under Subsection ~~[48-1d-901(4)]~~ 16-18-901(4) or (5) dissolving the partnership.

(2) Rescinding dissolution under this section requires:

(a) the affirmative vote or consent of each partner;

(b) if a statement of dissolution applicable to the partnership has been filed by the division but has not become effective, delivery to the division for filing of a statement of withdrawal under Section ~~[48-1d-114]~~ 16-1a-205 applicable to the statement of dissolution; and

(c) if a statement of dissolution applicable to the partnership is effective, the delivery to the division for filing of a statement of correction under Section ~~[48-1d-115]~~ 16-1a-206 stating that dissolution has been rescinded under this section.

(3) If a partnership rescinds the partnership's dissolution:

- (a) the partnership resumes carrying on [its] the partnership's activities and affairs as if dissolution had never occurred;
- (b) subject to Subsection (3)(c), any liability incurred by the partnership after the dissolution and before the rescission is effective is determined as if dissolution had never occurred; and
- (c) the rights of a third party arising out of conduct in reliance on the dissolution before the third party knew or had notice of the rescission may not be adversely affected.

Section 146. Section **16-18-904**, which is renumbered from Section 48-1d-904 is renumbered and amended to read:

**[48-1d-904] 16-18-904 . Power to bind partnership after dissolution.**

(1) A partnership is bound by a partner's act after dissolution which:

- (a) is appropriate for winding up the partnership's activities and affairs; or
- (b) would have bound the partnership under Section [48-1d-301] 16-18-301 before dissolution, if, at the time the other party enters into the transaction, the other party does not know or have notice of the dissolution.

(2) A person dissociated as a partner binds a partnership through an act occurring after dissolution if at the time the other party enters into the transaction:

- (a) less than two years has passed since the dissociation;
- (b) the other party does not have notice of the dissociation and reasonably believes that the person is a partner; and
- (c) the act:
  - (i) is appropriate for winding up the partnership's activities and affairs; or
  - (ii) would have bound the partnership under Section [48-1d-301] 16-18-301 before dissolution, and at the time the other party enters into the transaction the other party does not know or have notice of the dissolution.

Section 147. Section **16-18-905**, which is renumbered from Section 48-1d-905 is renumbered and amended to read:

**[48-1d-905] 16-18-905 . Liability after dissolution.**

(1) If a partner having knowledge of the dissolution causes a partnership to incur an obligation under Subsection [48-1d-904(1)] 16-18-904(1) by an act that is not

appropriate for winding up the partnership's activities and affairs, the partner is liable:

- (a) to the partnership for any damage caused to the partnership arising from the 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;

(b) describe the information required to be contained in a claim, state that the claim must be in writing, and provide a mailing address to which the claim is to be sent;

(c) state that a claim against the dissolved limited liability partnership is barred unless an action to enforce the claim is commenced not later than three years after publication of the notice; and

(d) unless the dissolved limited liability partnership has been throughout [its] the limited liability partnership's existence a limited liability partnership, state that the barring of a claim against the dissolved limited liability partnership will also bar any corresponding claim against any partner or person dissociated as a partner which is based on Section [~~48-1d-306~~] 16-18-306.

(3) If a dissolved limited liability partnership publishes a notice in accordance with Subsection (2), the claim of each of the following claimants is barred unless the claimant commences an action to enforce the claim against the dissolved limited liability partnership not later than three years after the publication date of the notice:

(a) a claimant that did not receive notice in a record under Section [~~48-1d-907~~] 16-18-907;

(b) a claimant whose claim was timely sent to the partnership but not acted on; and

(c) a claimant whose claim is contingent at, or based on an event occurring after, the effective date of dissolution.

(4) A claim not barred under this section or Section [~~48-1d-907~~] 16-18-907 may be enforced:

(a) against a dissolved limited liability partnership, to the extent of [its] the dissolved limited liability partnership's undistributed assets;

(b) except as otherwise provided in Section [~~48-1d-909~~] 16-18-909, if assets of the dissolved limited liability partnership have been distributed after dissolution, against a partner or transferee to the extent of that person's proportionate share of the claim or of the dissolved limited liability partnership's assets distributed to the partner or transferee after dissolution, whichever is less, but a person's total liability for all claims under this subsection may not exceed the total amount of assets distributed to the person after dissolution; and

(c) against any person liable on the claim under Sections [~~48-1d-306~~] 16-18-306, [~~48-1d-803~~] 16-18-803, and [~~48-1d-905~~] 16-18-905.

Section 151. Section **16-18-909**, which is renumbered from Section 48-1d-909 is renumbered and amended to read:

**[~~48-1d-909~~] 16-18-909 . Court proceedings.**

(1)(a) A dissolved limited liability partnership that has published a notice under Section [

48-1d-908] 16-18-908 may petition a court with jurisdiction under Title 78A, Judiciary and Judicial Administration, for a determination of the amount and form of security to be provided for payment of claims that are contingent, have not been made known to the dissolved limited liability partnership, or are based on an event occurring after the effective date of dissolution but which, based on the facts known to the dissolved limited liability partnership, are reasonably expected to arise after the effective date of dissolution.

(b) Security is not required for any claim that is or is reasonably anticipated to be barred under Subsection [48-1d-907(3)] 16-18-907(3).

(2) No later than 10 days after the filing of an application under Subsection (1), the dissolved limited liability partnership shall give notice of the proceeding to each claimant holding a contingent claim known to the dissolved limited liability partnership.

(3)(a) In any proceeding under this section, the court may appoint a guardian ad litem to represent all claimants whose identities are unknown.

(b) The reasonable fees and expenses of the guardian, including all reasonable expert witness fees, must be paid by the dissolved limited liability partnership.

(4) A dissolved limited liability partnership that provides security in the amount and form ordered by the court under Subsection (1) satisfies the dissolved limited liability partnership's obligations with respect to claims that are contingent, have not been made known to the dissolved limited liability partnership, or are based on an event occurring after the effective date of dissolution, and the claims may not be enforced against a partner or transferee who receives assets in liquidation.

(5) This section applies only to a debt, obligation, or other liability incurred while a partnership was a limited liability partnership.

Section 152. Section **16-18-910**, which is renumbered from Section 48-1d-910 is renumbered and amended to read:

**[48-1d-910] 16-18-910 . Liability of partner and person dissociation as partner when claim against limited liability partnership is barred.**

If a claim against a dissolved limited liability partnership is barred under Section [48-1d-907] 16-18-907, [48-1d-908] 16-18-908, or [48-1d-909] 16-18-909, any corresponding claim under Section [48-1d-306] 16-18-306, [48-1d-803] 16-18-803, or [48-1d-905] 16-18-905 is also barred.

Section 153. Section **16-18-1001**, which is renumbered from Section 48-1d-1101 is renumbered and amended to read:

**Part 10. Limited Liability Partnerships****[48-1d-1101] 16-18-1001 . Statement of qualification.**

(1) A partnership may become a limited liability partnership ~~[pursuant to]~~ in accordance with this section.

(2) The terms and conditions on which a partnership becomes a limited liability partnership must be approved by the vote or consent necessary to amend the partnership agreement except, in the case of a partnership agreement that expressly addresses obligations to contribute to the partnership, the vote or consent necessary to amend those provisions.

(3) After the approval required by Subsection (2), a partnership may become a limited liability partnership by delivering to the division for filing a statement of qualification.

The statement of qualification must contain:

(a) the name of the limited liability partnership;

(b) the street address of the limited liability partnership's principal office and, if different, the street address of an office in this state, if any;

(c) the information required by ~~[Subsection 16-17-203(1)]~~ Section 16-1a-404; and

(d) a statement that the partnership elects to become a limited liability partnership.

(4) A partnership's status as a limited liability partnership remains effective, regardless of changes in the limited liability partnership, until it is canceled ~~[pursuant to]~~ in accordance with Subsection (6) or administratively revoked ~~[pursuant to]~~ in accordance with Section ~~[48-1d-1102]~~ 16-18-1002.

(5) The status of a partnership as a limited liability partnership and the liability of its partners for the debts, obligations, or other liabilities of the partnership while it is a limited liability partnership is not affected by errors or later changes in the information required to be contained in the statement of qualification.

(6)(a) A limited liability partnership may amend or cancel ~~[its]~~ the limited liability partnership's statement of qualification by delivering to the division for filing a statement of amendment or cancellation.

(b) ~~[-]~~ The statement must be consented to by all partners and state the name of the limited liability partnership and in the case of:

~~[(a)]~~ (i) an amendment, state the amendment; and

~~[(b)]~~ (ii) a cancellation, state that the statement of qualification is canceled.

Section 154. Section **16-18-1002**, which is renumbered from Section 48-1d-1102 is renumbered and amended to read:

**[48-1d-1102] 16-18-1002 . Administrative revocation of statement of qualification.**

- (1) The division may commence a proceeding under Subsections (2) and (3) to revoke the statement of qualification of a limited liability partnership administratively if the limited liability partnership does not:
- (a) pay any fee, tax, or penalty required to be paid to the division not later than 60 days after it is due;
  - (b) deliver an annual report to the division not later than 60 days after it is due; or
  - (c) have a registered agent in this state for 60 consecutive days.
- (2) If the division determines that one or more grounds exist for administratively revoking a statement of qualification, the division shall serve the limited liability partnership with notice in a record of the division's determination.
- (3)(a) If a limited liability partnership, not later than 60 days after service of the notice is effected under Subsection (2), does not cure each ground for revocation or demonstrate to the satisfaction of the division that each ground determined by the division does not exist, the division shall administratively revoke the statement of qualification by signing a statement of administrative revocation that recites the grounds for revocation and the effective date of the revocation.
- (b) [–]The division shall file the statement and serve a copy on the limited liability partnership ~~[pursuant to]~~ in accordance with Section ~~[48-1d-116]~~ 16-1a-207.
- (4) An administrative revocation under Subsection (3) affects only a partnership's status as a limited liability partnership and is not an event causing dissolution of the partnership.
- (5) The administrative revocation of a statement of qualification of a limited liability partnership does not terminate the authority of [its] the limited liability partnership's registered agent.

Section 155. Section **16-18-1101**, which is renumbered from Section 48-1d-1301 is renumbered and amended to read:

## **Part 11. Professional Services Limited Liability Partnerships**

### **[48-1d-1301] 16-18-1101 . Definitions.**

As used in this part:

- (1) "Professional services partnership" means a limited liability partnership organized in accordance with this part to provide professional services.
- (2) "Regulating board" means the entity organized pursuant to state law that licenses and regulates the practice of the profession that a limited liability partnership is organized to provide.

Section 156. Section **16-18-1102**, which is renumbered from Section 48-1d-1302 is renumbered

and amended to read:

**[48-1d-1302] 16-18-1102 . Application of this part.**

If a conflict arises between this part and another provision of this chapter, this part controls.

Section 157. Section **16-18-1103**, which is renumbered from Section 48-1d-1304 is renumbered and amended to read:

**[48-1d-1304] 16-18-1103 . Providing a professional service.**

(1) Subject to Section [48-1d-1305] **16-18-1104**, a professional services partnership may provide a professional service in this state only through an individual licensed or otherwise authorized in this state to provide the professional service.

(2) Subsection (1) does not:

(a) require an individual employed by a professional services partnership to be licensed to perform a service for the professional services company if a license is not otherwise required;

(b) prohibit a licensed individual from providing a professional service in the individual's professional capacity although the individual is a partner, employee, or agent of a professional services partnership; or

(c) prohibit an individual licensed in another state from providing a professional service for a professional services partnership in this state if not prohibited by the regulating board.

Section 158. Section **16-18-1104**, which is renumbered from Section 48-1d-1305 is renumbered and amended to read:

**[48-1d-1305] 16-18-1104 . Limit of one profession.**

(1) A professional services partnership organized to provide a professional service under this part may provide only:

(a) one specific type of professional service; and

(b) services ancillary to the professional service described in Subsection (1)(a).

(2) A professional services partnership organized to provide a professional service under this part may not engage in a business other than to provide:

(a) the professional service that it was organized to provide; and

(b) services ancillary to the professional service described in Subsection (2)(a).

(3) Notwithstanding Subsections (1) and (2), a professional services partnership may:

(a) own real and personal property necessary or appropriate for providing the type of professional service it was organized to provide; and

(b) invest the professional services partnership's money in one or more of the following:

- (i) real estate;
- (ii) mortgages;
- (iii) stocks;
- (iv) bonds; or
- (v) another type of investment.

Section 159. Section **16-18-1105**, which is renumbered from Section 48-1d-1306 is renumbered and amended to read:

**[48-1d-1306] 16-18-1105 . Activity limitations.**

A professional services partnership may not do anything that an individual licensed to practice the profession that the professional services partnership is organized to provide is prohibited from doing.

Section 160. Section **16-18-1106**, which is renumbered from Section 48-1d-1307 is renumbered and amended to read:

**[48-1d-1307] 16-18-1106 . This part does not limit regulating board.**

This part does not restrict the authority or duty of a regulating board to license an individual providing a professional service or the practice of the profession that is within the jurisdiction of the regulating board, notwithstanding that the individual:

- (1) is a partner or employee of a professional services partnership; or
- (2) provides the professional service or engages in the practice of the profession through a professional services partnership.

Section 161. Section **16-18-1107**, which is renumbered from Section 48-1d-1308 is renumbered and amended to read:

**[48-1d-1308] 16-18-1107 . Partner of a professional services partnership.**

A professional services partnership organized to provide a professional service:

- (1) may include a partner or employee who is authorized under the laws of the jurisdiction where the partner or employee resides to provide a similar professional service;
- (2) may include a partner who is not licensed or registered by the state to provide the professional service to the extent allowed by the applicable licensing or registration act relating to the professional service; and
- (3) may render a professional service in this state only through a partner or employee who is licensed or registered by this state to render the professional service.

Section 162. Section **16-18-1108**, which is renumbered from Section 48-1d-1309 is renumbered 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



persons may bring an action in a court with jurisdiction under Title 78A, Judiciary and Judicial Administration, to enforce Subsection (2):

- (a) the personal representative of a deceased partner;
- (b) the guardian or conservator of an incapacitated partner; or
- (c) the disqualified partner.

(5) A court in which an action is brought under Subsection (4) may:

- (a) award the person bringing the action the reasonable fair market value of the interest; or
- (b) within the court's jurisdiction, order the liquidation of the professional services partnership.

(6) If a person described in Subsections (4)(a) through (c) is successful in an action under Subsection (4), the court shall award the person reasonable attorney's fees and costs.

Section 164. Section **16-18-1201**, which is renumbered from Section 48-1d-1401 is renumbered and amended to read:

## **Part 12. Miscellaneous Provisions**

### **[48-1d-1401] 16-18-1201 . Uniformity of application and construction.**

In applying and construing this chapter, consideration must be given to the need to promote uniformity of the law with respect to [its] this chapter's subject matter among states that enact the uniform act upon which this chapter is based.

Section 165. Section **16-18-1202**, which is renumbered from Section 48-1d-1402 is renumbered and amended to read:

### **[48-1d-1402] 16-18-1202 . Severability clause.**

If any provision of this chapter or [its] this chapter's application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable.

Section 166. Section **16-18-1203**, which is renumbered from Section 48-1d-1403 is renumbered and amended to read:

### **[48-1d-1403] 16-18-1203 . Relation to Electronic Signatures in Global and National Commerce Act.**

This chapter modifies, limits, and supersedes the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Sec. 7001 et seq., but this chapter does not modify, limit, or supersede Sec. 101(c) of that act, 15 U.S.C. Sec. 7001(c), or authorize electronic delivery of any of the notices described in Sec. 103(b) of that act, 15 U.S.C. Sec. 7003(b).

Section 167. Section **16-18-1204**, which is renumbered from Section 48-1d-1404 is renumbered and amended to read:

**[48-1d-1404] 16-18-1204 . Savings clause.**

This chapter does not affect an action commenced, proceeding brought, or right accrued before this chapter takes effect.

Section 168. Section **16-18-1205**, which is renumbered from Section 48-1d-1405 is renumbered and amended to read:

**[48-1d-1405] 16-18-1205 . Application to existing relationships.**

(1) Before January 1, 2016, this chapter governs only:

- (a) a partnership formed on or after January 1, 2014; and
- (b) except as otherwise provided in Subsection (3), a partnership formed before January 1, 2014, which elects, in the manner provided in [its] the partnership's partnership agreement or by law for amending the partnership agreement, to be subject to this chapter.

(2) Except as otherwise provided in Subsection (3), on and after January 1, 2016, this chapter governs all partnerships.

(3) With respect to a partnership that elects pursuant to Subsection (1)(b) to be subject to this chapter, after the election takes effect the provisions of this chapter relating to the liability of the partnership's partners to third parties apply:

- (a) before January 1, 2016, to:
  - (i) a third party that had not done business with the partnership in the year before the election took effect; and
  - (ii) a third party that had done business with the partnership in the year before the election took effect only if the third party knows or has received a notification of the election; and
- (b) on and after January 1, 2016, to all third parties, but those provisions remain inapplicable to any obligation incurred while those provisions were inapplicable under Subsection (3)(a)(ii).

Section 169. Section **16-19-101**, which is renumbered from Section 48-2e-102 is renumbered and amended to read:

**CHAPTER 19. Utah Uniform Limited Partnership Act**

**Part 1. General Provisions**

**[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

other fact.

(4) A person not a partner is deemed to have notice of:

(a) another person's dissociation as a general partner 90 days after the effective date of an amendment to the certificate of limited partnership which states that the other person has dissociated or 90 days after the effective date of a statement of dissociation pertaining to the other person, whichever occurs first;

(b) a limited partnership's:

(i) dissolution 90 days after an amendment to the certificate of limited partnership stating that the limited partnership becomes effective;

(ii) termination 90 days after a statement of termination under Subsection [48-2e-802(2)(b)(vi)] 16-19-802(2)(b)(vi) becomes effective;

(iii) participation in a merger, interest exchange, conversion, or domestication 90 days after a statement of merger, interest exchange, conversion, or domestication under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective; and

(iv) abandonment of a merger, interest exchange, conversion, or domestication 90 days after a statement of abandonment of merger, interest exchange, conversion, or domestication under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective.

(5) Subject to Subsection [~~48-2e-209(6)~~] 16-1a-211, a person notifies another person of a fact by taking steps reasonably required to inform the other person in ordinary course, whether or not those steps cause the other person to know the fact.

(6)(a) A general partner's knowledge or notice of a fact relating to the limited partnership is effective immediately as knowledge of or notice to the limited partnership, except in the case of a fraud on the limited partnership committed by or with the consent of the general partner.

(b) [~~-~~]A limited partner's knowledge or notice of a fact relating to the limited partnership is not effective as knowledge of or notice to the limited partnership.

Section 171. Section **16-19-103**, which is renumbered from Section 48-2e-104 is renumbered and amended to read:

**[48-2e-104] 16-19-103 . Nature, purpose, and duration of limited partnership.**

(1)(a) A limited partnership is an entity distinct from [its] the limited partnership's partners.

(b) [-]A limited partnership is the same entity regardless of whether [its] the limited partnership's certificate states that the limited partnership is a limited liability limited partnership.

(2) A limited partnership may have any lawful purpose, regardless of whether for profit.

(3) A limited partnership has perpetual duration.

Section 172. Section **16-19-104**, which is renumbered from Section 48-2e-105 is renumbered and amended to read:

**[48-2e-105] 16-19-104 . Powers.**

A limited partnership has the capacity to sue and be sued in [its] the limited partnership's own name and the power to do all things necessary or convenient to carry on [its] the limited partnership's activities and affairs.

Section 173. Section **16-19-105**, which is renumbered from Section 48-2e-106 is renumbered and amended to read:

**[48-2e-106] 16-19-105 . Governing law.**

The law of this state governs:

(1) the internal affairs of a limited partnership; and

(2) the liability of a partner as partner for the debts, obligations, or other liabilities of a limited partnership.

Section 174. Section **16-19-106**, which is renumbered from Section 48-2e-107 is renumbered and amended to read:

**[48-2e-107] 16-19-106 . Supplemental principles of law.**

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

Section 175. Section **16-19-107**, which is renumbered from Section 48-2e-112 is renumbered and amended to read:

**[48-2e-112] 16-19-107 . Partnership agreement -- Scope, function, and limitations.**

(1) Except as otherwise provided in Subsections (3) and (4), the partnership agreement governs:

(a) relations among the partners as partners and between the partners and the limited partnership;

(b) the activities and affairs of the limited partnership and the conduct of those activities and affairs; and



(c) the means and conditions for amending the partnership agreement.

(2) To the extent the partnership agreement does not provide for a matter described in Subsection (1), this chapter governs the matter.

(3) A partnership agreement may not:

(a) vary a limited partnership's capacity under Section ~~[48-2e-105]~~ 16-19-104 to sue and be sued in ~~[its]~~ the limited partnership's own name;

(b) vary the law applicable under Section ~~[48-2e-106]~~ 16-19-105;

(c) vary any requirement, procedure, or other provision of this chapter pertaining to:

(i) registered agents; or

(ii) the division, including provisions pertaining to records authorized or required to be delivered to the division for filing under this chapter;

(d) vary the provisions of Section ~~[48-2e-204]~~ 16-1a-209;

(e) vary the right of a general partner under Subsection ~~[48-2e-406(2)(b)]~~ 16-19-406(2)(b) to vote on or consent to an amendment to the certificate of limited partnership which deletes a statement that the limited partnership is a limited liability limited partnership;

(f) eliminate the duty of loyalty or the duty of care except as otherwise provided in Subsection (4);

(g) eliminate the contractual obligation of good faith and fair dealing under Subsections ~~[48-2e-305(1)]~~ 16-19-305(1) and ~~[48-2e-409(4)]~~ 16-19-409(4), but the partnership agreement may prescribe the standards, if not unconscionable or against public policy, by which the performance of the obligation is to be measured;

(h) relieve or exonerate a person from liability for conduct involving bad faith, willful misconduct, or recklessness;

(i) vary the information required under Section ~~[48-2e-115]~~ 16-19-110 or unreasonably restrict the duties and rights under Section ~~[48-2e-304]~~ 16-19-304 or ~~[48-2e-407]~~ 16-19-407, but the partnership agreement may impose reasonable restrictions on the availability and use of information obtained under those sections and may define appropriate remedies, including liquidated damages, for a breach of any reasonable restriction on use;

(j) vary the power of a person to dissociate as a general partner under Subsection ~~[48-2e-604(1)]~~ 16-19-604(1) except to require that the notice under Subsection ~~[48-2e-603(1)]~~ 16-19-603(1) be in a record;

(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, [  
5746 ~~48-2e-1133(1)(b)~~] 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 [  
5749 ~~48-2e-114(2)~~] 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 [  
5759 ~~48-2e-409(2)~~] 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

(b) may invalidate the term only if, in light of the purposes, activities, and affairs of the limited partnership, it is readily apparent that:

(i) the objective of the term is unconscionable or against public policy; or

(ii) the means to achieve the term's objective is unconscionable or against public policy.

Section 176. Section **16-19-108**, which is renumbered from Section 48-2e-113 is renumbered and amended to read:

**[48-2e-113] 16-19-108 . Partnership agreement -- Effect on limited partnership and person becoming partner -- Preformation agreement.**

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

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

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

Section 177. Section **16-19-109**, which is renumbered from Section 48-2e-114 is renumbered and amended to read:

**[48-2e-114] 16-19-109 . Partnership agreement -- Effect on third parties and relationship to records effective on behalf of limited partnership.**

(1)(a) A partnership agreement may specify that ~~[its]~~ an amendment to the partnership agreement requires the approval of a person that is not a party to the partnership agreement or the satisfaction of a condition.

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

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

(b) ~~[-]~~Subject only to a court order issued under Subsection ~~[48-2e-703(2)(b)]~~

16-19-703(2)(b) to effectuate a charging order, an amendment to the partnership agreement made after a person becomes a transferee or is dissociated as a partner:

~~[(a)]~~ (i) is effective with regard to any debt, obligation, or other liability of the limited partnership or ~~[its]~~ the limited partnership's partners to the person in the person's capacity as a transferee or person dissociated as a partner; and

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

and amended to read:

**Part 2. Formation -- Certificate of Limited Partnership and Other Filings**

**[48-2e-201] 16-19-201 . Formation of limited partnership -- Certificate of limited partnership.**

(1) To form a limited partnership, a person must deliver a certificate of limited partnership to the division for filing.

(2) The certificate of limited partnership must state:

(a) the name of the limited partnership, which must comply with Section [48-2e-108] 16-1a-302;

(b) the street and mailing address of the limited partnership's principal office;

(c) the information required by [Subsection 16-17-203(1)] Section 16-1a-404;

(d) the name and the street and mailing addresses of each general partner; and

(e) whether the limited partnership is a limited liability limited partnership.

(3) A certificate of limited partnership may contain statements as to matters other than those required by Subsection (2), but may not vary or otherwise affect the provisions specified in Subsection [48-2e-112(3)] 16-19-107(3) in a manner inconsistent with that Subsection (2).

(4) A limited partnership is formed when:

(a) the certificate of limited partnership has become effective;

(b) at least two persons have become partners;

(c) at least one person has become a general partner; and

(d) at least one person has become a limited partner.

Section 183. Section **16-19-202**, which is renumbered from Section 48-2e-202 is renumbered and amended to read:

**[48-2e-202] 16-19-202 . Amendment of restatement of certificate of limited partnership.**

(1) A certificate of limited partnership may be amended or restated at any time.

(2) To amend [its] a limited partnership's certificate of limited partnership, a limited partnership must deliver to the division for filing an amendment stating:

(a) the name of the limited partnership;

(b) the date of filing of [its] the limited partnership's initial certificate of limited partnership; and

(c) the changes the amendment makes to the certificate of limited partnership as most recently amended or restated.

(3) To restate [its] a limited partnership's certificate of limited partnership, a limited partnership must deliver to the division for filing a restatement designated as such in [its] the restatement's heading.

(4) A limited partnership shall promptly deliver to the division for filing an amendment to a certificate of limited partnership to reflect:

- (a) the admission of a new general partner;
- (b) the dissociation of a person as a general partner; or
- (c) the appointment of a person to wind up the limited partnership's activities and affairs under Subsection [48-2e-802(3)] 16-19-802(3) or (4).

(5) If a general partner knows that any information in a filed certificate of limited partnership was inaccurate when the certificate of limited partnership was filed or has become inaccurate due to changed circumstances, the general partner shall promptly:

- (a) cause the certificate of limited partnership to be amended; or
- (b) if appropriate, deliver to the division for filing a statement of change under Section [46-17-206] 16-1a-407 or a statement of correction under Section [48-2e-208] 16-1a-206.

Section 184. Section **16-19-301**, which is renumbered from Section 48-2e-301 is renumbered and amended to read:

### **Part 3. Limited Partners**

#### **~~[48-2e-301]~~ 16-19-301 . Becoming limited partners.**

(1) Upon formation of a limited partnership, a person becomes a limited partner as agreed among the persons that are to be the initial partners.

(2) After formation, a person becomes a limited partner:

- (a) as provided in the partnership agreement;
- (b) as the result of a transaction effective under~~[Part 11, Merger, Interest Exchange, Conversion, and Domestication]~~ :
  - (i) Chapter 1a, Part 7, Merger;
  - (ii) Chapter 1a, Part 8, Interest Exchange;
  - (iii) Chapter 1a, Part 9, Conversion; or
  - (iv) Chapter 1a, Part 10, Domestication;

(c) with the affirmative vote or consent of all the partners; or

(d) as provided in Subsection [48-2e-801(1)(d)] 16-19-801(1)(d) or (1)(e).

(3) A person may become a partner without:

- (a) acquiring a transferable interest; or

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

Section 185. Section **16-19-302**, which is renumbered from Section 48-2e-302 is renumbered and amended to read:

**[48-2e-302] 16-19-302 . No agency power of limited partner as limited partner.**

(1) A limited partner is not an agent of a limited partnership solely by reason of being a limited partner.

(2) A person's status as a limited partner does not prevent or restrict law other than this chapter from imposing liability on a limited partnership because of the person's conduct.

Section 186. Section **16-19-303**, which is renumbered from Section 48-2e-303 is renumbered and amended to read:

**[48-2e-303] 16-19-303 . No liability as limited partner for limited partnership obligations.**

(1)(a) A debt, obligation, or other liability of a limited partnership is not the debt, obligation, or other liability of a limited partner.

(b) [-]A limited partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the limited partnership solely by reason of being or acting as a limited partner, even if the limited partner participates in the management and control of the limited partnership.

(2) The failure of a limited partnership to observe formalities relating to the exercise of [its] the limited partnership's powers or management of [its] the limited partnership's activities and affairs is not a ground for imposing liability on a limited partner for a debt, obligation, or other liability of the limited partnership.

Section 187. Section **16-19-304**, which is renumbered from Section 48-2e-304 is renumbered and amended to read:

**[48-2e-304] 16-19-304 . Rights to information of limited partner and person dissociated as limited partner.**

(1)(a) On 10 days' demand, made in a record received by the limited partnership, a limited partner may inspect and copy required information during regular business hours in the limited partnership's principal office.

(b) [-]The limited partner need not have any particular purpose for seeking the information.

(2) During regular business hours and at a reasonable location specified by the limited partnership, a limited partner may inspect and copy information regarding the activities, affairs, financial condition, and other circumstances of the limited partnership as is just



and reasonable if:

(a) the limited partner seeks the information for a purpose reasonably related to the partner's interest as a limited partner;

(b) the limited partner makes a demand in a record received by the limited partnership, describing with reasonable particularity the information sought and the purpose for seeking the information; and

(c) the information sought is directly connected to the limited partner's purpose.

(3) Not later than 10 days after receiving a demand pursuant to Subsection (2), the limited partnership in a record shall inform the limited partner that made the demand of:

(a) the information the limited partnership will provide in response to the demand and when and where the limited partnership will provide the information; and

(b) the limited partnership's reasons for declining, if the limited partnership declines to provide any demanded information.

(4) Whenever this chapter or a partnership agreement provides for a limited partner to vote on or give or withhold consent to a matter, before the vote is cast or consent is given or withheld, the limited partnership shall, without demand, provide the limited partner with all information that is known to the limited partnership and is material to the limited partner's decision.

(5) Subject to Subsection (10), on 10 days' demand made in a record received by a limited partnership, a person dissociated as a limited partner may have access to information to which the person was entitled while a limited partner if:

(a) the information pertains to the period during which the person was a limited partner;

(b) the person seeks the information in good faith; and

(c) the person satisfies the requirements imposed on a limited partner by Subsection (2).

(6) The limited partnership shall respond to a demand made pursuant to Subsection (5) in the manner provided in Subsection (3).

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

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

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

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

- correction to be signed and delivered to the division for filing; or
- (b) withdraws from future participation as an owner in the enterprise by signing and delivering to the division for filing a statement of negation under this section.
- (2) A person that makes an investment described in Subsection (1) is liable to the same extent as a general partner to any third party that enters into a transaction with the enterprise, believing in good faith that the person is a general partner, before the division files a statement of negation, certificate of limited partnership, amendment, or statement of correction to show that the person is not a general partner.
- (3) If a person makes a diligent effort in good faith to comply with Subsection (1)(a) and is unable to cause the appropriate certificate of limited partnership, amendment, or statement of correction to be signed and delivered to the division for filing, the person has the right to withdraw from the enterprise [~~pursuant to~~] in accordance with Subsection (1)(b) even if the withdrawal would otherwise breach an agreement with others that are or have agreed to become co-owners of the enterprise.

Section 190. Section **16-19-401**, which is renumbered from Section 48-2e-401 is renumbered and amended to read:

#### **Part 4. General Partners**

##### **[48-2e-401] 16-19-401 . Becoming general partner.**

- (1) A person becomes a general partner:
- (a) upon formation of a limited partnership, as agreed among the persons that are to be the initial partners; and
- (b) after formation:
- (i) as provided in the partnership agreement;
- (ii) under Subsection [~~48-2e-801(1)(e)(ii)] 16-19-801(1)(c)(ii)~~ following the dissociation of a limited partnership's last general partner;
- (iii) as the result of a transaction effective under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] :
- (A) Chapter 1a, Part 7, Merger;
- (B) Chapter 1a, Part 8, Interest Exchange;
- (C) Chapter 1a, Part 9, Conversion; or
- (D) Chapter 1a, Part 10, Domestication; or
- (iv) with the affirmative vote or consent of all the partners.
- (2) A person may become a general partner without:
- (a) acquiring a transferable interest; or

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

Section 191. Section **16-19-402**, which is renumbered from Section 48-2e-402 is renumbered and amended to read:

**[48-2e-402] 16-19-402 . General partner agent of limited partnership.**

(1)(a) Each general partner is an agent of the limited partnership for the purposes of [its] the limited partnership's activities and affairs.

(b) [-]An act of a general partner, including the signing of a record in the limited partnership's name, for apparently carrying on in the ordinary course the limited partnership's activities and affairs or activities and affairs of the kind carried on by the limited partnership binds the limited partnership, unless the general partner did not have authority to act for the limited partnership in the particular matter and the person with which the general partner was dealing knew or had notice that the general partner lacked authority.

(2) An act of a general partner which is not apparently for carrying on in the ordinary course the limited partnership's activities and affairs or activities and affairs of the kind carried on by the limited partnership binds the limited partnership only if the act was actually authorized by all the other partners.

Section 192. Section **16-19-403**, which is renumbered from Section 48-2e-403 is renumbered and amended to read:

**[48-2e-403] 16-19-403 . Limited partnership liable for general partner's actionable conduct.**

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

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

Section 193. Section **16-19-404**, which is renumbered from Section 48-2e-404 is renumbered and amended to read:

**[48-2e-404] 16-19-404 . General partner's liability.**

(1) Except as otherwise provided in Subsections (2) and (3), all general partners are liable

jointly and severally for all debts, obligations, and other liabilities of the limited partnership unless otherwise agreed by the claimant or provided by law.

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

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

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

(c) [-]This Subsection (3) applies despite anything inconsistent in the partnership agreement that existed immediately before the vote or consent required to become a limited liability limited partnership under Subsection [48-2e-406(2)(b)] 16-19-406(2)(b).

(4) The failure of a limited liability limited partnership to observe formalities relating to the exercise of [its] the limited liability limited partnership's powers or management of [its] the limited liability limited partnership's activities and affairs is not a ground for imposing liability on a general partner of the limited liability limited partnership for a debt, obligation, or liability of the limited partnership.

(5) An amendment of a certificate of limited partnership which deletes a statement that the limited partnership is a limited liability limited partnership does not affect the limitation in this section on liability of a general partner for a debt, obligation, or other liability of the limited partnership incurred before the amendment became effective.

Section 194. Section **16-19-405**, which is renumbered from Section 48-2e-405 is renumbered and amended to read:

**[48-2e-405] 16-19-405 . Actions by and against partnership and partners.**

(1) To the extent not inconsistent with Section [48-2e-404] 16-19-404, a general partner may be joined in an action against the limited partnership or named in a separate action.

(2)(a) A judgment against a limited partnership is not by itself a judgment against a general partner.

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

(3) A judgment creditor of a general partner may not levy execution against the assets of

the general partner to satisfy a judgment based on a claim against the limited partnership, unless the general partner is personally liable for the claim under Section [ ~~48-2e-404~~] 16-19-404, and:

- (a) a judgment based on the same claim has been obtained against the limited partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;
- (b) the limited partnership is a debtor in bankruptcy;
- (c) the general partner has agreed that the creditor need not exhaust limited partnership assets;
- (d) a court grants permission to the judgment creditor to levy execution against the assets of a general partner based on a finding that the limited partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or
- (e) liability is imposed on the general partner by law or contract independent of the existence of the limited partnership.

Section 195. Section **16-19-406**, which is renumbered from Section ~~48-2e-406~~ is renumbered and amended to read:

**[~~48-2e-406~~] 16-19-406 . Management rights of general partner.**

- (1)(a) Each general partner has equal rights in the management and conduct of the limited partnership's activities and affairs.
- (b) [–]Except as otherwise provided in this chapter, any matter relating to the activities and affairs of the limited partnership is decided exclusively by the general partner or, if there is more than one general partner, by a majority of the general partners.
- (2) The affirmative vote or consent of all partners is required to:
  - (a) amend the partnership agreement;
  - (b) amend the certificate of limited partnership to add or delete a statement that the limited partnership is a limited liability limited partnership;
  - (c) sell, lease, exchange, or otherwise dispose of all, or substantially all, of the limited partnership's property, with or without the good will, other than in the usual and regular course of the limited partnership's activities and affairs; and
  - (d) approve a transaction under[ ~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] :
    - (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:

- (a) to account to the limited partnership and hold as trustee for [it] the limited partnership any property, profit, or benefit derived by the general partner:
- (i) in the conduct or winding up of the limited partnership's activities and affairs;
  - (ii) from a use by the general partner of the limited partnership's property; or
  - (iii) from the appropriation of a limited partnership opportunity;
- (b) to refrain from dealing with the limited partnership in the conduct or winding up of the limited partnership's activities and affairs as or on behalf of a person having an interest adverse to the limited partnership; and
- (c) to refrain from competing with the limited partnership in the conduct or winding up of the limited partnership's activities and affairs.
- (3) The duty of care of a general partner in the conduct or winding up of the limited partnership's activities and affairs is to refrain from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.
- (4) A general partner shall discharge the duties and obligations under this chapter or under the partnership agreement and exercise any rights consistently with the contractual obligation of good faith and fair dealing.
- (5) A general partner does not violate a duty or obligation under this chapter or under the partnership agreement solely because the general partner's conduct furthers the general partner's own interest.
- (6) All the partners of a limited partnership may authorize or ratify, after full disclosure of all material facts, a specific act or transaction by a general partner that otherwise would violate the duty of loyalty.
- (7) It is a defense to a claim under Subsection (2)(b) and any comparable claim in equity or at common law that the transaction was fair to the limited partnership.
- (8) If, as permitted by Subsection (6) or the partnership agreement, a general partner enters into a transaction with the limited partnership which otherwise would be prohibited by Subsection (2)(b), the general partner's rights and obligations arising from the transaction are the same as those of a person that is not a general partner.

Section 199. Section **16-19-501**, which is renumbered from Section 48-2e-501 is renumbered and amended to read:

## **Part 5. Contributions and Distributions**

### **[48-2e-501] 16-19-501 . Form of contribution.**

A contribution may consist of property transferred to, services performed for, or another benefit provided to the limited partnership or an agreement to transfer property to, perform

services for, or provide another benefit to the limited partnership.

Section 200. Section **16-19-502**, which is renumbered from Section 48-2e-502 is renumbered and amended to read:

**[48-2e-502] 16-19-502 . Liability for contribution.**

- (1) A person's obligation to make a contribution to a limited partnership is not excused by the person's death, disability, dissolution, or other inability to perform personally.
- (2) If a person does not fulfill an obligation to make a contribution other than money, the person is obligated at the option of the limited partnership to contribute money equal to the value, as stated in the required information, of the part of the contribution which has not been made.
- (3)(a) The obligation of a person to make a contribution may be compromised only by the affirmative vote or consent of all partners.
- (b) [-]If a creditor of a limited partnership extends credit or otherwise acts in reliance on an obligation described in Subsection (1) without notice of any compromise under this subsection, the creditor may enforce the original obligation.

Section 201. Section **16-19-503**, which is renumbered from Section 48-2e-503 is renumbered and amended to read:

**[48-2e-503] 16-19-503 . Sharing of and right to distributions before dissolution.**

- (1) Except to the extent necessary to comply with a transfer effective under Section [48-2e-702] 16-19-702 or charging order in effect under Section [48-2e-703] 16-19-703, any distributions made by a limited partnership before [its] the limited partnership's dissolution and winding up must be in equal shares among partners and persons dissociated as partners.
- (2) A person has a right to a distribution before the dissolution and winding up of a limited partnership only if the limited partnership decides to make an interim distribution. A person's dissociation does not entitle the person to a distribution.
- (3)(a) A person does not have a right to demand or receive a distribution from a limited partnership in any form other than money.
- (b) [-]Except as otherwise provided in Subsection [48-2e-813(5)] 16-19-811(5), a partnership may distribute an asset in kind only if each part of the asset is fungible with each other part and each person receives a percentage of the asset equal in value to the person's share of distributions.
- (4)(a) If a partner or transferee becomes entitled to receive a distribution, the partner or transferee has the status of, and is entitled to all remedies available to, a creditor of

the limited partnership with respect to the distribution.

(b) [–]However, the limited partnership's obligation to make a distribution is subject to offset for any amount owed to the limited partnership by the partner or a person dissociated as a partner on whose account the distribution is made.

Section 202. Section **16-19-504**, which is renumbered from Section 48-2e-504 is renumbered and amended to read:

**[48-2e-504] 16-19-504 . Limitations on distributions.**

(1) A limited partnership may not make a distribution, including a distribution under Section [48-2e-813] 16-19-811, if after the distribution:

(a) the limited partnership would not be able to pay [its] the limited partnership's debts as [they] the debts become due in the ordinary course of the limited partnership's activities and affairs; or

(b) the limited partnership's total assets would be less than the sum of [its] the limited partnership's total liabilities plus, unless the partnership agreement permits otherwise, the amount that would be needed, if the limited partnership were to be dissolved and wound up at the time of the distribution, to satisfy the preferential rights upon dissolution and winding up of partners and transferees whose preferential rights are superior to those of persons receiving the distribution.

(2) A limited partnership may base a determination that a distribution is not prohibited under Subsection (1) on:

(a) financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances; or

(b) a fair valuation or other method that is reasonable under the circumstances.

(3) Except as otherwise provided in Subsection (5), the effect of a distribution under Subsection (1) is measured:

(a) in the case of distribution as defined in Subsection [48-2e-102(4)(a)] 16-19-101(4)(a), as of the earlier of:

(i) the date money or other property is transferred or debt is incurred by the limited partnership; or

(ii) the date the person entitled to the distribution ceases to own the interest or right being acquired by the limited partnership in return for the distribution;

(b) in the case of any other distribution of indebtedness, as of the date the indebtedness is distributed; and

(c) in all other cases, as of the date:

- 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 [  
 6410 48-2e-504] 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;



- (4) the person is expelled as a general partner by the unanimous vote or consent of the other partners if:
- (a) it is unlawful to carry on the limited partnership's activities and affairs with the person as a general partner;
  - (b) there has been a transfer of all of the person's transferable interest in the limited partnership, other than:
    - (i) a transfer for security purposes; or
    - (ii) a charging order in effect under Section ~~[48-2e-703]~~ 16-19-703 which has not been foreclosed;
  - (c) the person is a corporation, and:
    - (i) the limited partnership notifies the person that ~~[it]~~ the person will be expelled as a general partner because the person has filed a statement of dissolution or the equivalent, ~~[its]~~ the person's charter has been revoked, or ~~[its]~~ the person's right to conduct business has been suspended by the jurisdiction of ~~[its]~~ the person's incorporation; and
    - (ii) not later than 90 days after the notification of the statement of dissolution or the equivalent has not been revoked or ~~[its]~~ the person's charter or right to conduct business has not been reinstated; or
  - (d) the person is an unincorporated entity that has been dissolved and whose business is being wound up;
- (5) on application by the limited partnership or a partner in a direct action under Section ~~[48-2e-1001]~~ 16-19-901, the person is expelled as a general partner by judicial order because the person:
- (a) has engaged or is engaging in wrongful conduct that has affected adversely and materially, or will affect adversely and materially, the limited partnership's activities and affairs;
  - (b) has committed willfully or persistently, or is committing willfully or persistently, a material breach of the partnership agreement or a duty or obligation under Section ~~[48-2e-409]~~ 16-19-409; or
  - (c) has engaged or is engaging in conduct relating to the limited partnership's activities and affairs which makes it not reasonably practicable to carry on the activities or affairs of the limited partnership with the person as a general partner;
- (6) in the case of a person who is an individual:
- (a) the individual dies;

- (b) a guardian or general conservator for the individual is appointed; or
- (c) a court orders that the individual has otherwise become incapable of performing the individual's duties as a general partner under this chapter or the partnership agreement;
- (7) the person:
- (a) becomes a debtor in bankruptcy;
- (b) executes an assignment for the benefit of creditors; or
- (c) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the person or of all or substantially all of the person's property;
- (8) in the case of a person that is a testamentary or inter vivos trust or is acting as a general partner by virtue of being a trustee of such a trust, the trust's entire transferable interest in the limited partnership is distributed;
- (9) in the case of a person that is an estate or is acting as a general partner by virtue of being a personal representative of an estate, the estate's entire transferable interest in the limited partnership is distributed;
- (10) in the case of a person that is not an individual, corporation, unincorporated entity, trust, or estate, the existence of the person terminates;
- (11) the limited partnership participates in a merger under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, and:
- (a) the limited partnership is not the surviving entity; or
- (b) otherwise as a result of the merger, the person ceases to be a general partner;
- (12) the limited partnership participates in an interest exchange under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 8, Interest Exchange, and, as a result of the interest exchange, the person ceases to be a general partner;
- (13) the limited partnership participates in a conversion under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 9, Conversion;
- (14) the limited partnership participates in a domestication under [~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 10, Domestication, and, as a result of the domestication, the person ceases to be a general partner; or
- (15) the limited partnership dissolves and completes winding up.

Section 207. Section **16-19-604**, which is renumbered from Section 48-2e-604 is renumbered and amended to read:

**[48-2e-604] 16-19-604 . Power to dissociate as general partner -- Wrongful dissociation.**

- (1) A person has the power to dissociate as a general partner at any time, rightfully or wrongfully, by withdrawing as a general partner by express will under Subsection [ ~~48-2e-603(1)~~] 16-19-603(1).
- (2) A person's dissociation as a general partner is wrongful only if the dissociation:
- (a) is in breach of an express provision of the partnership agreement; or
  - (b) occurs before the completion of the winding up of the limited partnership, and:
    - (i) the person withdraws as a general partner by express will;
    - (ii) the person is expelled as a general partner by judicial order under Subsection [ ~~48-2e-603(5)~~] 16-19-603(5);
    - (iii) the person is dissociated as a general partner under Subsection [ ~~48-2e-603(7)~~] 16-19-603(7); or
    - (iv) in the case of a person that is not a trust other than a business trust, an estate, or an individual, the person is expelled or otherwise dissociated as a general partner because it willfully dissolved or terminated.

- (3)(a) A person that wrongfully dissociates as a general partner is liable to the limited partnership and, subject to Section [ ~~48-2e-1001~~] 16-19-901, to the other partners for damages caused by the dissociation.
- (b) [–]The liability is in addition to any debt, obligation, or other liability of the general partner to the limited partnership or the other partners.

Section 208. Section **16-19-605**, which is renumbered from Section ~~48-2e-605~~ is renumbered and amended to read:

**[~~48-2e-605~~] 16-19-605 . Effect of dissociation as general partner.**

- (1) If a person is dissociated as a general partner:
- (a) the person's right to participate as a general partner in the management and conduct of the limited partnership's activities and affairs terminates;
  - (b) the person's duties and obligations as a general partner under Section [ ~~48-2e-409~~] 16-19-409 end with regard to matters arising and events occurring after the person's dissociation;
  - (c) the person may sign and deliver to the division for filing a statement of dissociation pertaining to the person and, at the request of the limited partnership, shall sign an amendment to the certificate of limited partnership which states that the person has dissociated as a general partner; and
  - (d) subject to Section [ ~~48-2e-704~~] 16-19-704 and [ ~~Part 11, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8,

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.**

- (1)(a) A person's dissociation as a general partner does not of itself discharge the person's liability as a general partner for a debt, obligation, or other liability of the limited partnership incurred before dissociation.
- (b) [–]Except as otherwise provided in Subsections (2) and (3), the person is not liable for a limited partnership obligation incurred after dissociation.
- (2) A person whose dissociation as a general partner resulted in a dissolution and winding up of the limited partnership's activities and affairs is liable to the same extent as a general partner under Section ~~[48-2e-404]~~ 16-19-404 on an obligation incurred by the limited partnership under Section ~~[48-2e-804]~~ 16-19-804.
- (3) A person that has dissociated as a general partner but whose dissociation did not result in a dissolution and winding up of the limited partnership's activities and affairs is liable on a transaction entered into by the limited partnership after the dissociation only if:
- (a) a general partner would be liable on the transaction; and
  - (b) at the time the other party enters into the transaction:
    - (i) less than two years has passed since the dissociation; and
    - (ii) the other party does not have knowledge or notice of the dissociation and reasonably believes that the person is a general partner.
- (4) By agreement with a creditor of a limited partnership and the limited partnership, a person dissociated as a general partner may be released from liability for an obligation of the limited partnership.
- (5) A person dissociated as a general partner is released from liability for an obligation of the limited partnership if the limited partnership's creditor, with knowledge or notice of the person's dissociation as a general partner but without the person's consent, agrees to a material alteration in the nature or time of payment of the obligation.
- Section 211. Section **16-19-701**, which is renumbered from Section 48-2e-701 is renumbered and amended to read:

## **Part 7. Transferable Interest and Rights**

### **~~[48-2e-701]~~ 16-19-701 . Nature of transferable interest.**

- (1) The only interest of a partner which is transferable is the partner's transferable interest.
- (2) [–]A transferable interest is personal property.

Section 212. Section **16-19-702**, which is renumbered from Section 48-2e-702 is renumbered and amended to read:

### **~~[48-2e-702]~~ 16-19-702 . Transfer of transferable interest.**

- 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.**

- (1)(a) On application by a judgment creditor of a partner or transferee, a court may enter a charging order against the transferable interest of the judgment debtor for the unsatisfied amount of the judgment.
- (b) [–]A charging order constitutes a lien on a judgment debtor's transferable interest and, after the limited partnership has been served with the charging order, requires the limited partnership to pay over to the person to which the charging order was issued any distribution that otherwise would be paid to the judgment debtor.
- (2) To the extent necessary to effectuate the collection of distributions pursuant to a charging order in effect under Subsection (1), the court may:
- (a) appoint a receiver of the distributions subject to the charging order, with the power to make all inquiries the judgment debtor might have made; and
- (b) make all other orders necessary to give effect to the charging order.
- (3)(a) Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the transferable interest.
- (b) [–]The purchaser at the foreclosure sale obtains only the transferable interest, does not thereby become a partner, and is subject to Section ~~[48-2e-702]~~ 16-19-702.
- (4) At any time before foreclosure under Subsection (3), the partner or transferee whose transferable interest is subject to a charging order under Subsection (1) may extinguish the charging order by satisfying the judgment and filing a certified copy of the satisfaction with the court that issued the charging order.
- (5) At any time before foreclosure under Subsection (3), a limited partnership or one or more partners whose transferable interests are not subject to the charging order may pay to the judgment creditor the full amount due under the judgment and thereby succeed to the rights of the judgment creditor, including the charging order.
- (6) This chapter does not deprive any partner or transferee of the benefit of any exemption law applicable to the transferable interest of the partner or transferee.
- (7) This section provides the exclusive remedy by which a person seeking to enforce a judgment against a partner or transferee may, in the capacity of judgment creditor, satisfy the judgment from the judgment debtor's transferable interest.
- Section 214. Section **16-19-704**, which is renumbered from Section 48-2e-704 is renumbered and amended to read:
- ~~[48-2e-704]~~ 16-19-704 . Power of legal representative of deceased partner.**
- If a partner dies, the deceased partner's legal representative may exercise:

- (1) the rights of a transferee provided in Subsection ~~[48-2e-702(3)]~~ 16-19-702(3); and
- (2) for the purposes of settling the estate, the rights of a current limited partner under Section ~~[48-2e-304]~~ 16-19-304.

Section 215. Section **16-19-801**, which is renumbered from Section 48-2e-801 is renumbered and amended to read:

### **Part 8. Dissolution and Winding Up**

#### **~~[48-2e-801]~~ 16-19-801 . Events causing dissolution.**

- (1) A limited partnership is dissolved, and the limited partnership's activities and affairs must be wound up, upon the occurrence of any of the following:
- (a) an event or circumstance that the partnership agreement states causes dissolution;
  - (b) the affirmative vote or consent of all general partners and of limited partners owning a majority of the rights to receive distributions as limited partners at the time the vote or consent is to be effective;
  - (c) after the dissociation of a person as a general partner:
    - (i) if the limited partnership has at least one remaining general partner, the vote or consent to dissolve the limited partnership not later than 90 days after the dissociation by partners owning a majority of the rights to receive distributions as partners at the time the vote or consent is to be effective; or
    - (ii) if the limited partnership does not have a remaining general partner, the passage of 90 days after the dissociation, unless before the end of the period:
      - (A) consent to continue the activities and affairs of the limited partnership and admit at least one general partner is given by limited partners owning a majority of the rights to receive distributions as limited partners at the time the consent is to be effective; and
      - (B) at least one person is admitted as a general partner in accordance with the consent;
  - (d) the passage of 90 consecutive days after the dissociation of the limited partnership's last limited partner, unless before the end of the period the limited partnership admits at least one limited partner;
  - (e) the passage of 90 consecutive days during which the limited partnership has only one partner, unless before the end of the period:
    - (i) the limited partnership admits at least one person as a partner;
    - (ii) if the previously sole remaining partner is only a general partner, the limited 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;

- (iii) prosecute and defend actions and proceedings, whether civil, criminal, or administrative;
- (iv) transfer the limited partnership's property;
- (v) settle disputes by mediation or arbitration;
- (vi) deliver to the division for filing a statement of termination stating the name of the limited partnership and that the limited partnership is terminated; and
- (vii) perform other acts necessary or appropriate to the winding up.

(3)(a) If a dissolved limited partnership does not have a general partner, a person to wind up the dissolved limited partnership's activities and affairs may be appointed by the affirmative vote or consent of limited partners owning a majority of the rights to receive distributions as limited partners at the time the vote or consent is to be effective.

(b) A person appointed under this Subsection (3):

- (i) has the powers of a general partner under Section ~~[48-2e-804]~~ 16-19-804 but is not liable for the debts, obligations, and other liabilities of the limited partnership solely by reason of having or exercising those powers or otherwise acting to wind up the dissolved limited partnership's activities and affairs; and
- (ii) shall deliver promptly to the division for filing an amendment to the certificate of limited partnership stating:
  - (A) that the limited partnership does not have a general partner;
  - (B) the name and street and mailing addresses of the person; and
  - (C) that the person has been appointed pursuant to this subsection to wind up the limited partnership.

(4) Upon a petition brought by a partner, a court may order judicial supervision of the winding up of a dissolved limited partnership, including the appointment of a person to wind up the limited partnership's activities and affairs, if:

- (a) the limited partnership does not have a general partner and within a reasonable time following the dissolution no person has been appointed ~~[pursuant to]~~ in accordance with Subsection (3); or
- (b) the applicant establishes other good cause.

Section 217. Section **16-19-803**, which is renumbered from Section 48-2e-803 is renumbered and amended to read:

**[48-2e-803] 16-19-803 . Rescinding dissolution.**

(1) A limited partnership may rescind the limited partnership's dissolution, unless a

statement of termination applicable to the limited partnership is effective, a court has entered an order under Subsection [48-2e-801(1)(f)] 16-19-801(1)(f) dissolving the limited partnership, or the division has dissolved the limited partnership under Section [48-2e-810] 16-1a-603.

(2) Rescinding dissolution under this section requires:

- (a) the affirmative vote or consent of each partner; and
- (b) if the limited partnership has delivered to the division for filing an amendment to the certificate of limited partnership stating that the partnership is dissolved and if:
  - (i) the amendment is not effective, the filing by the limited partnership of a statement of withdrawal under Section [48-2e-207] 16-1a-205 applicable to the amendment; or
  - (ii) the amendment is effective, the delivery by the limited partnership to the division for filing of an amendment to the certificate of limited partnership stating that the dissolution has been rescinded under this section.

(3) If a limited partnership rescinds the limited partnership's dissolution:

- (a) the limited partnership resumes carrying on the limited partnership's activities and affairs as if dissolution had never occurred;
- (b) subject to Subsection (3)(c), any liability incurred by the limited partnership after the dissolution and before the rescission is effective is determined as if dissolution had never occurred; and
- (c) the rights of a third party arising out of conduct in reliance on the dissolution before the third party knew or had notice of the rescission may not be adversely affected.

Section 218. Section **16-19-804**, which is renumbered from Section 48-2e-804 is renumbered and amended to read:

**[48-2e-804] 16-19-804 . Power to bind partnership after dissolution.**

(1) A limited partnership is bound by a general partner's act after dissolution which:

- (a) is appropriate for winding up the limited partnership's activities and affairs; or
- (b) would have bound the limited partnership under Section [48-2e-402] 16-19-402 before dissolution, if, at the time the other party enters into the transaction, the other party does not know or have notice of the dissolution.

(2) A person dissociated as a general partner binds a limited partnership through an act occurring after dissolution if:

- (a) at the time the other party enters into the transaction:
  - (i) less than two years has passed since the dissociation; and

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).

(2)(a) A dissolved limited partnership may in a record notify ~~[its]~~ the dissolved limited partnership's known claimants of the dissolution.

(b) ~~[-]~~The notice must:

~~[(a)]~~ (i) specify the information required to be included in a claim;

~~[(b)]~~ (ii) state that a claim must be in writing and provide a mailing address to which the claim is to be sent;

~~[(c)]~~ (iii) state the deadline for receipt of a claim, which may not be less than 120 days after the date the notice is received by the claimant;

~~[(d)]~~ (iv) state that the claim will be barred if not received by the deadline; and

~~[(e)]~~ (v) unless the limited partnership has been throughout ~~[its]~~ the limited partnership's existence a limited liability limited partnership, state that the barring of a claim against the limited partnership will also bar any corresponding claim against any general partner or person dissociated as a general partner which is based on Section ~~[48-2e-404]~~ 16-19-404.

(3) A claim against a dissolved limited partnership is barred if the requirements of Subsection (2) are met, and:

(a) the claim is not received by the specified deadline; or

(b) if the claim is timely received but rejected by the limited partnership:

(i) the limited partnership causes the claimant to receive a notice in a record stating that the claim is rejected and will be barred unless the claimant commences an action against the limited partnership to enforce the claim not later than 90 days after the claimant receives the notice; and

(ii) the claimant does not commence the required action not later than 90 days after the claimant receives the notice.

(4) This section does not apply to a claim based on an event occurring after the effective date of dissolution or a liability that on that date is contingent.

Section 221. Section **16-19-807**, which is renumbered from Section 48-2e-807 is renumbered and amended to read:

**~~[48-2e-807]~~ 16-19-807 . Other claims against dissolved limited partnership.**

(1) A dissolved limited partnership may publish notice of ~~[its]~~ the dissolved limited partnership's dissolution and request persons having claims against the dissolved limited partnership to present ~~[them]~~ the claims in accordance with the notice.

(2) A notice under Subsection (1) must:

(a) be published at least once in a newspaper of general circulation in the county in this

state in which the dissolved limited partnership's principal office is located or, if the principal office is not located in this state, in the county in which the office of the dissolved limited partnership's registered agent is or was last located and in accordance with Section 45-1-101;

(b) describe the information required to be contained in a claim, state that the claim must be in writing, and provide a mailing address to which the claim is to be sent;

(c) state that a claim against the dissolved limited partnership is barred unless an action to enforce the claim is commenced not later than three years after publication of the notice; and

(d) unless the dissolved limited partnership has been throughout ~~[its]~~ the dissolved limited partnership's existence a limited liability limited partnership, state that the barring of a claim against the dissolved limited partnership will also bar any corresponding claim against any general partner or person dissociated as a general partner which is based on Section ~~[48-2e-404]~~ 16-19-404.

(3) If a dissolved limited partnership publishes a notice in accordance with Subsection (2), the claim of each of the following claimants is barred unless the claimant commences an action to enforce the claim against the dissolved limited partnership not later than three years after the publication date of the notice:

(a) a claimant that did not receive notice in a record under Section ~~[48-2e-806]~~ 16-19-806;

(b) a claimant whose claim was timely sent to the dissolved limited partnership but not acted on; and

(c) a claimant whose claim is contingent at, or based on an event occurring after, the effective date of dissolution.

(4) A claim not barred under this section or Section ~~[48-2e-806]~~ 16-19-806 may be enforced:

(a) against the dissolved limited partnership, to the extent of ~~[its]~~ the dissolved limited partnership's undistributed assets;

(b) except as otherwise provided in Section ~~[48-2e-808]~~ 16-19-808, if the assets of the dissolved limited partnership have been distributed after dissolution, against a partner or transferee to the extent of that person's proportionate share of the claim or of the dissolved limited partnership's assets distributed to the partner or transferee after dissolution, whichever is less, but a person's total liability for all claims under this subsection may not exceed the total amount of assets distributed to the person after dissolution; and

(c) against any person liable on the claim under Sections ~~[48-2e-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.

Section 224. Section **16-19-810**, which is renumbered from Section 48-2e-813 is renumbered and amended to read:

**[48-2e-813] 16-19-810 . Disposition of assets in winding up -- When contributions required.**

(1) In winding up [its] a limited partnership's activities and affairs, a limited partnership shall apply [its] the limited partnership's assets, including the contributions required by this section, to discharge the limited partnership's obligations to creditors, including partners that are creditors.

(2) After a limited partnership complies with Subsection (1), any surplus must be distributed in the following order, subject to any charging order in effect under Section [48-2e-703] 16-19-703:

(a) to each person owning a transferable interest that reflects contributions made and not previously returned, an amount equal to the value of the unreturned contributions; and

(b) among partners in proportion to ~~[their]~~ the partners' respective rights to share in distributions immediately before the dissolution of the limited partnership, except to the extent necessary to comply with any transfer effective under Section [48-2e-702] 16-19-702.

(3) If a limited partnership's assets are insufficient to satisfy all of [its] the limited partnership's obligations under Subsection (1), with respect to each unsatisfied obligation incurred when the limited partnership was not a limited liability limited partnership, the following rules apply:

(a)(i) Each person that was a general partner when the obligation was incurred and that has not been released from the obligation under Section [48-2e-607] 16-19-607 shall contribute to the limited partnership for the purpose of enabling the limited partnership to satisfy the obligation.

(ii) ~~[-]~~The contribution due from each of those persons is in proportion to the right to receive distributions in the capacity of general partner in effect for each of those persons when the obligation was incurred.

(b)(i) If a person does not contribute the full amount required under Subsection (3)(a) with respect to an unsatisfied obligation of the limited partnership, the other persons required to contribute by Subsection (3)(a) on account of the obligation shall contribute the additional amount necessary to discharge the obligation.

(ii) ~~[-]~~The additional contribution due from each of those other persons is in proportion to the right to receive distributions in the capacity of general partner in



effect for each of those other persons when the obligation was incurred.

(c) If a person does not make the additional contribution required by Subsection (3)(b), further additional contributions are determined and due in the same manner as provided in ~~[that subsection]~~ Subsection (3)(b).

(d)(i) A person that makes an additional contribution under Subsection (3)(b) or (3)(c) may recover from any person whose failure to contribute under Subsection (3)(a) or (3)(b) necessitated the additional contribution.

(ii) ~~[-]~~A person may not recover under this subsection more than the amount additionally contributed.

(iii) ~~[-]~~A person's liability under this subsection may not exceed the amount the person failed to contribute.

(4) If a limited partnership does not have sufficient surplus to comply with Subsection (2)(a), any surplus must be distributed among the owners of transferable interests in proportion to the value of the respective unreturned contributions.

(5) All distributions made under Subsections (2) and (4) must be paid in money.

Section 225. Section **16-19-1001**, which is renumbered from Section 48-2e-1001 is renumbered and amended to read:

## **Part 10. Actions by Partners**

### **[48-2e-1001] 16-19-1001 . Direct action by partner.**

(1) Subject to Subsection (2), a partner may maintain a direct action against another partner or the limited partnership, with or without an accounting as to the limited partnership's activities and affairs, to enforce the partner's rights and otherwise protect the partner's interests, including rights and interests under the partnership agreement or this chapter or arising independently of the partnership relationship.

(2) A partner maintaining a direct action under this section must plead and prove an actual or threatened injury that is not solely the result of an injury suffered or threatened to be suffered by the limited partnership.

(3) A right to an accounting upon a dissolution and winding up does not revive a claim barred by law.

Section 226. Section **16-19-1002**, which is renumbered from Section 48-2e-1002 is renumbered and amended to read:

### **[48-2e-1002] 16-19-1002 . Derivative action.**

A partner may maintain a derivative action to enforce a right of a limited partnership if:

(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:

**[48-2e-1205] 16-19-1105 . Application to existing relationships.**

- (1) Before January 1, 2016, this chapter governs only:
- (a) a limited partnership formed on or after January 1, 2014; and
  - (b) except as otherwise provided in Subsections (3) and (4), a limited partnership formed before January 1, 2014, which elects, in the manner provided in [its] the limited partnership's partnership agreement or by law for amending the partnership agreement, to be subject to this chapter.
- (2) Except as otherwise provided in Subsection (3), on and after January 1, 2016, this chapter governs all limited partnerships.
- (3) With respect to a limited partnership formed before January 1, 2014, the following rules apply except as the partners otherwise elect in the manner provided in the partnership agreement or by law for amending the partnership agreement:
- (a) ~~[Subsection 48-2e-104(3)]~~ Section 16-19-103 does not apply and the limited partnership has whatever duration [it] the limited partnership had under the law applicable immediately before January 1, 2014~~[-]~~ ;
  - (b) Sections ~~[48-2e-601]~~ 16-19-601 and ~~[48-2e-602]~~ 16-19-602 do not apply and a limited partner has the same right and power to dissociate from the limited partnership, with the same consequences, as existed immediately before January 1, 2014~~[-]~~ ;
  - (c) Subsection ~~[48-2e-603(4)]~~ 16-19-603(4) does not apply and the partners have the same right and power to expel a general partner as existed immediately before January 1, 2014~~[-]~~ ;
  - (d) Subsection ~~[48-2e-603(5)]~~ 16-19-603(5) does not apply and a court has the same power to expel a general partner as the court had immediately before January 1, 2014~~[-]~~ ; and
  - (e) Subsection ~~[48-2e-801(1)(e)]~~ 16-19-801(1)(c) does not apply and the connection between a person's dissociation as a general partner and the dissolution of the limited partnership is the same as existed immediately before January 1, 2014.
- (4) With respect to a limited partnership that elects ~~[pursuant to]~~ in accordance with Subsection (1)(b) to be subject to this chapter, after the election takes effect the provisions of this chapter relating to the liability of the limited partnership's general partners to third parties apply:
- (a) before January 1, 2016, to:
    - (i) a third party that had not done business with the limited partnership in the year before the election took effect; and

(ii) a third party that had done business with the limited partnership in the year before the election took effect only if the third party knows or has received a notification of the election; and

(b) on and after January 1, 2016, to all third parties, but those provisions remain inapplicable to any obligation incurred while those provisions were inapplicable under Subsection (4)(a)(ii).

Section 236. Section **16-20-101**, which is renumbered from Section 48-3a-102 is renumbered and amended to read:

## **CHAPTER 20. Utah Revised Uniform Limited Liability Company Act**

### **Part 1. General Provisions**

#### **[~~48-3a-102~~] 16-20-101 . Definitions.**

As used in this chapter:

(1)(a) "Certificate of organization" means the certificate required by Section [~~48-3a-201~~] 16-20-201.

(b) [~~The term~~] "Certificate of organization" includes the certificate as amended or restated.

(2) "Contribution," except in the phrase "right of contribution," means property or a benefit described in Section [~~48-3a-402~~] 16-20-402, which is provided by a person to a limited liability company to become a member or in the person's capacity as a member.

(3) "Debtor in bankruptcy" means a person that is the subject of:

(a) an order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or

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

(4)(a) "Distribution" means a transfer of money or other property from a limited liability company to a person on account of a transferable interest or in the person's capacity as a member.[~~The term:~~]

[~~(a)~~] (b) "Distribution" includes:

(i) a redemption or other purchase by a limited liability company of a transferable interest; and

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

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

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

(6) "Foreign limited liability company" means an unincorporated entity formed under the law of a jurisdiction other than this state, which would be a limited liability company, including a low-profit limited liability company, if formed under the law of this state.

~~(7)(a)~~ "Governing person" means a person, alone or in concert with others, by or under whose authority the powers of the limited liability company are exercised and under whose direction the activities and affairs of the limited liability company are managed ~~[pursuant to]~~ in accordance with this chapter and the limited liability company's operating agreement.

~~(b)~~ ~~[-The term]~~ "Governing person" includes:

~~[(a)]~~ (i) a manager of a manager-managed limited liability company;

~~[(b)]~~ (ii) a member of a member-managed limited liability company; and

~~[(c)]~~ (iii) the chief executive officer of a limited liability company in which officers have been appointed, regardless of the actual designated title.

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

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

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

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

(10) "Limited liability company," except in the phrase "foreign limited liability company," means an entity formed under this chapter or which becomes subject to this chapter under~~[-Part 10, Merger, Interest Exchange, Conversion, and Domestication,]~~ :

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

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

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

(d) Chapter 1a, Part 10, Domestication; or

(e) ~~[-]Section [48-3a-1405]~~ 16-20-1205.

(11) "Low-profit limited liability company" means a limited liability company meeting the requirements of ~~[Part 13, Low-Profit Limited Liability Companies]~~ Part 11, Low-Profit Limited Liability Companies.

- (12) "Manager" means a person that under the operating agreement of a manager-managed limited liability company is responsible, alone or in concert with others, for performing the management functions stated in Subsection ~~[48-3a-407(3)]~~ 16-20-407(3).
- (13) "Manager-managed limited liability company" means a limited liability company that qualifies under Subsection ~~[48-3a-407(1)]~~ 16-20-407(1).
- (14) "Member" means a person that:
- (a) has become a member of a limited liability company under Section ~~[48-3a-401]~~ 16-20-401 or was a member in a company when the company became subject to this chapter under Section ~~[48-3a-1405]~~ 16-20-1205; and
  - (b) has not dissociated under Section ~~[48-3a-602]~~ 16-20-602.
- (15) "Member-managed limited liability company" means a limited liability company that is not a manager-managed limited liability company.
- (16)(a) "Operating agreement" means the agreement, whether or not referred to as an operating agreement and whether oral, implied, in a record, or in any combination thereof, of all the members of a limited liability company, including a sole member, concerning the matters described in Subsection ~~[48-3a-112(1)]~~ 16-20-107(1).
- (b) ~~[-The term]~~ "Operating agreement" includes the agreement as amended or restated.
- (17) "Organizer" means a person that acts under Section ~~[48-3a-201]~~ 16-20-201 to form a limited liability company.
- (18) "Person" means an individual, business corporation, nonprofit corporation, partnership, limited partnership, limited liability company, limited cooperative association, unincorporated nonprofit association, statutory trust, business trust, common-law business trust, estate, trust, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.
- (19) "Principal office" means the principal executive office of a limited liability company or foreign limited liability company, whether or not the office is located in this state.
- (20) "Professional services company" means a limited liability company organized in accordance with ~~[Part 11, Professional Services Companies]~~ Part 9, Professional Services Companies.
- (21) "Property" means all property, whether real, personal, or mixed or tangible or intangible, or any right or interest therein.
- (22) "Record," used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.



- 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 [~~48-3a-703(2)(b)(i)~~] 16-20-703(2)(b)(i) becomes effective;  
7393 (ii) termination 90 days after a statement of termination under Subsection [~~48-3a-703(2)(b)(vi)~~] 16-20-703(2)(b)(vi) becomes effective;  
7394 (iii) participation in a merger, interest exchange, conversion, or domestication 90  
7395 days after a statement of merger, interest exchange, conversion, or domestication  
7396 under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~]  
7397 Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part  
7398 9, Conversion, or Chapter 1a, Part 10, Domestication, becomes effective; and  
7400

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

and amended to read:

**[48-3a-112] 16-20-107 . Operating agreement -- Scope, functions, and limitations.**

- (1) Except as otherwise provided in Subsections (3) and (4), the operating agreement governs:
- (a) relations among the members as members and between the members and the limited liability company;
  - (b) the rights and duties under this chapter of a person in the capacity of manager;
  - (c) the activities and affairs of the limited liability company and the conduct of those activities and affairs; and
  - (d) the means and conditions for amending the operating agreement.
- (2) To the extent the operating agreement does not provide for a matter described in Subsection (1), this chapter governs the matter.
- (3) An operating agreement may not:
- (a) vary a limited liability company's capacity under Section [48-3a-105] 16-20-104 to sue and be sued in [its] the limited liability company's own name;
  - (b) vary the law applicable under Section [48-3a-106] 16-20-105;
  - (c) vary any requirement, procedure, or other provision of this chapter pertaining to:
    - (i) registered agents; or
    - (ii) the division, including provisions pertaining to records authorized or required to be delivered to the division for filing under this chapter;
  - (d) vary the provisions of Section [48-3a-204] 16-1a-209;
  - (e) eliminate the duty of loyalty or the duty of care, except as otherwise provided in Subsection (4);
  - (f) eliminate the contractual obligation of good faith and fair dealing under Subsection [48-3a-409(4)] 16-20-409(4), but the operating agreement may prescribe the standards, if not unconscionable or against public policy, by which the performance of the obligation is to be measured;
  - (g) relieve or exonerate a person from liability for conduct involving bad faith, willful misconduct, or recklessness;
  - (h) unreasonably restrict the duties and rights under Section [48-3a-410] 16-20-410, but the operating agreement may impose reasonable restrictions on the availability and use of information obtained under that section and may define appropriate remedies, including liquidated damages, for a breach of any reasonable restriction on use;
  - (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, [
- 7479            ~~48-3a-1033(1)(b)~~] 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 [
- 7482            ~~48-3a-114(2)~~] 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 [
- 7498            ~~48-3a-409(2)~~] 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.

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

(2)(a) The obligations of a limited liability company and [its] the limited liability

company's members to a person in the person's capacity as a transferee or a person dissociated as a member are governed by the operating agreement.

(b) [-]Subject only to a court order issued under Subsection [48-3a-503(2)(b)]

16-20-503(2)(b) to effectuate a charging order, an amendment to the operating agreement made after a person becomes a transferee or is dissociated as a member:

[(a)] (i) is effective with regard to any debt, obligation, or other liability of the limited liability company or its members to the person in the person's capacity as a transferee or person dissociated as a member; and

[(b)] (ii) is not effective to the extent the amendment imposes a new debt, obligation, or other liability on the transferee or person dissociated as a member.

(3) If a record delivered by a limited liability company to the division for filing becomes effective and contains a provision that would be ineffective under [Subsection 48-3a-112(3) or (4)(c)] Section 16-20-107 if contained in the operating agreement, the provision is ineffective in the record.

(4) Subject to Subsection (3), if a record delivered by a limited liability company to the division for filing becomes effective and conflicts with a provision of the operating agreement:

(a) the operating agreement prevails as to members, persons dissociated as members, transferees, and managers; and

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

Section 245. Section **16-20-110**, which is renumbered from Section 48-3a-115 is renumbered and amended to read:

**[48-3a-115] 16-20-110 . Delivery of record.**

(1) Except as otherwise provided in this chapter, permissible means of delivery of a record include delivery by hand, the United States Postal Service, a commercial delivery service, and electronic transmission.

(2) Delivery to the division is effective only when a record is received by the division.

Section 246. Section **16-20-111**, which is renumbered from Section 48-3a-116 is renumbered and amended to read:

**[48-3a-116] 16-20-111 . Reservation of power to amend or repeal.**

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

Section 247. Section **16-20-112** is enacted to read:

**16-20-112 . Provisions Applicable to All Business Entities applicable.**

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

Section 248. Section **16-20-201**, which is renumbered from Section 48-3a-201 is renumbered and amended to read:

**Part 2. Formation -- Certificate of Organization and Other Filings**

**[~~48-3a-201~~] 16-20-201 . Formation of limited liability company -- Certificate of organization.**

- (1) One or more persons may act as organizers to form a limited liability company by delivering to the division for filing a certificate of organization.
- (2) A certificate of organization must state:
  - (a) the name of the limited liability company, which must comply with Section [ ~~48-3a-108~~] 16-1a-302;
  - (b) the street and mailing address of the limited liability company's principal office;
  - (c) the information required by [~~Subsection 16-17-203(1)~~] Section 16-1a-404;
  - (d) if the limited liability company is a low-profit limited liability company, a statement that the limited liability company is a low-profit limited liability company;
  - (e) if the limited liability company is a professional services company, the information required by Section [~~48-3a-1103~~] 16-20-903; and
  - (f) if the limited liability company is to have one or more series in which the liabilities of the series are to be limited as contemplated by [~~Subsection 48-3a-1201(2)~~] Subsection 16-20-1001(2), notice of the limitation on liability in accordance with Section [~~48-3a-1202~~] 16-20-1002.
- (3)(a) A certificate of organization may contain statements as to matters other than those required by Subsection (2), but may not vary or otherwise affect the provisions specified in Subsection [~~48-3a-112(3)~~] 16-20-107(3) in a manner inconsistent with that section.
- (b) [–]However, a statement in a certificate of organization is not effective as a statement of authority.
- (4) A limited liability company is formed when the limited liability company's certificate of



organization becomes effective and at least one person becomes a member.

Section 249. Section **16-20-202**, which is renumbered from Section 48-3a-202 is renumbered and amended to read:

**[48-3a-202] 16-20-202 . Amendment or restatement of certificate of organization.**

- (1) A certificate of organization may be amended or restated at any time, except that in accordance with Section [48-3a-1303] 16-20-1103, a low-profit limited liability company shall amend [its] the low-profit limited liability company's certificate of organization if the limited liability company ceases to be a low-profit limited liability company.
- (2) To amend [its] a limited liability company's certificate of organization, a limited liability company must deliver to the division for filing an amendment stating:
  - (a) the name of the limited liability company;
  - (b) the date of filing of [its] the limited liability company's initial certificate of organization; and
  - (c) the changes the amendment makes to the certificate as most recently amended or restated.
- (3) To restate [its] a limited liability company's certificate of organization, a limited liability company must deliver to the division for filing a restatement designated as such in [its] the restatement's heading.
- (4) If a member of a member-managed limited liability company, or a manager of a manager-managed limited liability company, knows that any information in a filed certificate of organization was inaccurate when the certificate was filed or has become inaccurate due to changed circumstances, the member or manager shall promptly:
  - (a) cause the certificate to be amended; or
  - (b) if appropriate, deliver to the division for filing a statement of change under Section [48-3a-206] 16-1a-407 or a statement of correction under Section [48-3a-208] 16-1a-206.

Section 250. Section **16-20-301**, which is renumbered from Section 48-3a-301 is renumbered and amended to read:

**Part 3. Relations of Members and Managers to Persons Dealing with a Limited**

**Liability Company**

**[48-3a-301] 16-20-301 . No agency powers of member as member.**

- (1) A member is not an agent of a limited liability company solely by reason of being a

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

excused by the person's death, disability, or other inability to perform personally.

(2) If a person does not fulfill an obligation to make a contribution other than money, the person is obligated at the option of the limited liability company to contribute money equal to the value of the part of the contribution which has not been made.

(3)(a) The obligation of a person to make a contribution may be compromised only by consent of all members.

(b) [–]If a creditor of a limited liability company extends credit or otherwise acts in reliance on an obligation described in Subsection (1) without notice of a compromise under this Subsection (3), the creditor may enforce the obligation.

Section 257. Section **16-20-404**, which is renumbered from Section 48-3a-404 is renumbered and amended to read:

**[48-3a-404] 16-20-404 . Sharing of and right to distributions before dissolution.**

(1) Any distributions made by a limited liability company before [its] the limited liability company's dissolution and winding up must be in equal shares among members and persons dissociated as members, except to the extent necessary to comply with a transfer effective under Section [48-3a-502] 16-20-502 or charging order in effect under Section [48-3a-503] 16-20-503.

(2)(a) A person has a right to a distribution before the dissolution and winding up of a limited liability company only if the limited liability company decides to make an interim distribution.

(b) [–]A person's dissociation does not entitle the person to a distribution.

(3)(a) A person does not have a right to demand or receive a distribution from a limited liability company in any form other than money.

(b) [–]Except as otherwise provided in Subsection [48-3a-711(4)] 16-20-708(4), a limited liability company may distribute an asset in kind only if each part of the asset is fungible with each other part and each person receives a percentage of the asset equal in value to the person's share of distributions.

(4)(a) If a member or transferee becomes entitled to receive a distribution, the member or transferee has the status of, and is entitled to all remedies available to, a creditor of the limited liability company with respect to the distribution.

(b) [–]However, the limited liability company's obligation to make a distribution is subject to offset for any amount owed to the limited liability company by the member or a person dissociated as a member on whose account the distribution is made.

Section 258. Section **16-20-405**, which is renumbered from Section 48-3a-405 is renumbered

and amended to read:

**[48-3a-405] 16-20-405 . Limitation on distributions.**

(1) A limited liability company may not make a distribution, including a distribution under Section [48-3a-711] 16-20-708, if after the distribution:

- (a) the limited liability company would not be able to pay [its] the limited liability company's debts as [they] the debts become due in the ordinary course of the limited liability company's activities and affairs; or
- (b) the limited liability company's total assets would be less than the sum of [its] the limited liability company's total liabilities plus, unless the operating agreement permits otherwise, the amount that would be needed, if the limited liability company were to be dissolved and wound up at the time of the distribution, to satisfy the preferential rights upon dissolution and winding up of members and transferees whose preferential rights are superior to those of persons receiving the distribution.

(2) A limited liability company may base a determination that a distribution is not prohibited under Subsection (1) on:

- (a) financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances; or
- (b) a fair valuation or other method that is reasonable under the circumstances.

(3) Except as otherwise provided in Subsection (5), the effect of a distribution under Subsection (1) is measured:

- (a) in the case of a distribution as defined in Subsection [48-3a-102(4)(a)] 16-20-101(4)(a), as of the earlier of:
  - (i) the date money or other property is transferred or debt is incurred by the limited liability company; or
  - (ii) the date the person entitled to the distribution ceases to own the interest or right being acquired by the limited liability company in return for the distribution;
- (b) in the case of any other distribution of indebtedness, as of the date the indebtedness is distributed; and
- (c) in all other cases, as of the date:
  - (i) the distribution is authorized, if the payment occurs not later than 120 days after that date; or
  - (ii) the payment is made, if the payment occurs more than 120 days after the distribution is authorized.

(4) A limited liability company's indebtedness to a member or transferee incurred by reason

of a distribution made in accordance with this section is at parity with the limited liability company's indebtedness to its general, unsecured creditors, except to the extent subordinated by agreement.

- (5)(a) A limited liability company's indebtedness, including indebtedness issued as a distribution, is not a liability for purposes of Subsection (1) if the terms of the indebtedness provide that payment of principal and interest is made only if and to the extent that payment of a distribution could then be made under this section.
- (b) [–]If the indebtedness is issued as a distribution, each payment of principal or interest is treated as a distribution, the effect of which is measured on the date the payment is made.
- (6) In measuring the effect of a distribution under Section ~~[48-3a-711]~~ 16-20-708, the liabilities of a dissolved limited liability company do not include any claim that has been disposed of under Section ~~[48-3a-705]~~ 16-20-705, ~~[48-3a-706]~~ 16-20-706, or ~~[48-3a-707]~~ 16-20-707.

Section 259. Section **16-20-406**, which is renumbered from Section 48-3a-406 is renumbered and amended to read:

**~~[48-3a-406]~~ 16-20-406 . Liability for improper distributions.**

- (1) Except as otherwise provided in Subsection (2), if a member of a member-managed limited liability company or manager of a manager-managed limited liability company consents to a distribution made in violation of Section ~~[48-3a-405]~~ 16-20-405 and in consenting to the distribution fails to comply with Section ~~[48-3a-409]~~ 16-20-409, the member or manager is personally liable to the limited liability company for the amount of the distribution which exceeds the amount that could have been distributed without the violation of Section ~~[48-3a-405]~~ 16-20-405.
- (2) To the extent the operating agreement of a member-managed limited liability company expressly relieves a member of the authority and responsibility to consent to distributions and imposes that authority and responsibility on one or more other members, the liability stated in Subsection (1) applies to the other members and not the member that the operating agreement relieves of authority and responsibility.
- (3) A person that receives a distribution knowing that the distribution violated Section ~~[48-3a-405]~~ 16-20-405 is personally liable to the limited liability company but only to the extent that the distribution received by the person exceeded the amount that could have been properly paid under Section ~~[48-3a-405]~~ 16-20-405.
- (4) A person against which an action is commenced because the person is liable under



Subsection (1) may:

(a) implead any other person that is liable under Subsection (1) and seek to enforce a right of contribution from the person; and

(b) implead any person that received a distribution in violation of Subsection (3) and seek to enforce a right of contribution from the person in the amount the person received in violation of Subsection (3).

(5) An action under this section is barred unless commenced not later than two years after the distribution.

Section 260. Section **16-20-407**, which is renumbered from Section 48-3a-407 is renumbered and amended to read:

**[48-3a-407] 16-20-407 . Management of limited liability company.**

(1) A limited liability company is a member-managed limited liability company unless the operating agreement:

(a) expressly provides that:

(i) the limited liability company is or will be "manager-managed";

(ii) the limited liability company is or will be "managed by managers"; or

(iii) management of the limited liability company is or will be "vested in managers";

or

(b) includes words of similar import.

(2) In a member-managed limited liability company, the following rules apply:

(a) Except as otherwise provided in this chapter, the management and conduct of the limited liability company are vested in the members.

(b) Each member has equal rights in the management and conduct of the limited liability company's activities and affairs.

(c) A difference arising among members as to a matter in the ordinary course of the activities of the limited liability company shall be decided by a majority of the members.

(d) An act outside the ordinary course of the activities and affairs of the limited liability company may be undertaken only with the affirmative vote or consent of all members.

(e) The affirmative vote or consent of all members is required to approve a transaction under[ ~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~ ] :

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

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

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

- 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 [  
7972 48-3a-409] 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

liability company if the person ultimately is determined not to be entitled to be indemnified under Subsection (2).

- (4) A limited liability company may purchase and maintain insurance on behalf of a member or manager of the limited liability company against liability asserted against or incurred by the member or manager in that capacity or arising from that status even if, under Subsection ~~[48-3a-112(3)(g)]~~ 16-20-107(3)(g), the operating agreement could not eliminate or limit the person's liability to the limited liability company for the conduct giving rise to the liability.

Section 262. Section **16-20-409**, which is renumbered from Section 48-3a-409 is renumbered and amended to read:

**[48-3a-409] 16-20-409 . Standards of conduct for members and managers.**

- (1) A member of a member-managed limited liability company owes to the limited liability company and, subject to Subsection ~~[48-3a-801(1)]~~ 16-20-801(1), the other members the duties of loyalty and care stated in Subsections (2) and (3).
- (2) The duty of loyalty of a member in a member-managed limited liability company includes the duties:
- (a) to account to the limited liability company and to hold as trustee for it any property, profit, or benefit derived by the member:
    - (i) in the conduct or winding up of the limited liability company's activities and affairs;
    - (ii) from a use by the member of the limited liability company's property; or
    - (iii) from the appropriation of a limited liability company opportunity;
  - (b) to refrain from dealing with the limited liability company in the conduct or winding up of the limited liability company's activities and affairs as or on behalf of a person having an interest adverse to the limited liability company; and
  - (c) to refrain from competing with the limited liability company in the conduct of the company's activities and affairs before the dissolution of the limited liability company.
- (3) The duty of care of a member of a member-managed limited liability company in the conduct or winding up of the limited liability company's activities and affairs is to refrain from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.
- (4) A member shall discharge the duties and obligations under this chapter or under the operating agreement and exercise any rights consistently with the contractual obligation

of good faith and fair dealing.

- (5) A member does not violate a duty or obligation under this chapter or under the operating agreement solely because the member's conduct furthers the member's own interest.
- (6) All the members of a member-managed limited liability company or a manager-managed limited liability company may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty.
- (7) It is a defense to a claim under Subsection (2)(b) and any comparable claim in equity or at common law that the transaction was fair to the limited liability company.
- (8) If, as permitted by Subsection (6) or (9)(f) or the operating agreement, a member enters into a transaction with the limited liability company which otherwise would be prohibited by Subsection (2)(b), the member's rights and obligations arising from the transaction are the same as those of a person that is not a member.
- (9) In a manager-managed limited liability company, the following rules apply:
- (a) Subsections (1), (2), (3), and (7) apply to the manager or managers and not the members.
  - (b) The duty stated under Subsection (2)(c) continues until winding up is completed.
  - (c) Subsection (4) applies to managers and members.
  - (d) Subsection (5) applies only to members.
  - (e) The power to ratify under Subsection (6) applies only to the members.
  - (f) Subject to Subsection (4), a member does not have any duty to the limited liability company or to any other member solely by reason of being a member.

Section 263. Section **16-20-410**, which is renumbered from Section 48-3a-410 is renumbered and amended to read:

**[48-3a-410] 16-20-410 . Rights of member, manager, and person dissociated as member to information.**

- (1) In a member-managed limited liability company, the following rules apply:
- (a) On reasonable notice, a member may inspect and copy during regular business hours, at a reasonable location specified by the limited liability company, any record maintained by the limited liability company regarding the limited liability company's activities, affairs, financial condition, and other circumstances, to the extent the information is material to the member's rights and duties under the operating agreement or this chapter.

- 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.

(d) Whenever this chapter or an operating agreement provides for a member to give or withhold consent to a matter, before the consent is given or withheld, the limited liability company shall, without demand, provide the member with all information that is known to the limited liability company and is material to the member's decision.

(3) Subject to Subsection (9), on 10 days' demand made in a record received by a limited liability company, a person dissociated as a member may have access to information to which the person was entitled while a member if:

- (a) the information pertains to the period during which the person was a member;
- (b) the person seeks the information in good faith; and
- (c) the person satisfies the requirements imposed on a member by Subsection (2)(b).

(4) A limited liability company shall respond to a demand made ~~[pursuant to]~~ in accordance with Subsection (3) in the manner provided in Subsection (2)(c).

(5) A limited liability company may charge a person that makes a demand under this section the reasonable costs of copying, limited to the costs of labor and material.

(6) A member or person dissociated as a member may exercise rights under this section through an agent or, in the case of an individual under legal disability, a legal representative. Any restriction or condition imposed by the operating agreement or under Subsection (9) applies both to the agent or legal representative and the member or person dissociated as a member.

(7) Subject to Subsection (9), the rights under this section do not extend to a person as transferee.

(8) If a member dies, Section ~~[48-3a-504]~~ 16-20-504 applies.

(9)(a) In addition to any restriction or condition stated in the operating agreement, a limited liability company, as a matter within the ordinary course of its activities and affairs, may impose reasonable restrictions and conditions on access to and use of information to be furnished under this section, including designating information confidential and imposing nondisclosure and safeguarding obligations on the recipient.

(b) ~~[-]~~In a dispute concerning the reasonableness of a restriction under this Subsection (9), the limited liability company has the burden of proving reasonableness.

Section 264. Section **16-20-501**, which is renumbered from Section 48-3a-501 is renumbered and amended to read:

## **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; and

8123           (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; or

8126           (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



under Section ~~[48-3a-403]~~ 16-20-403 and Subsection ~~[48-3a-406(3)]~~ 16-20-406(3) known to the transferee when the transferee becomes a member.

Section 266. Section **16-20-503**, which is renumbered from Section 48-3a-503 is renumbered and amended to read:

**[48-3a-503] 16-20-503 . Charging order.**

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

(b) ~~[-]~~Except as otherwise provided in Subsection (6), a charging order constitutes a lien on a judgment debtor's transferable interest and, after the limited liability company has been served with the charging order, requires the limited liability company to pay over to the person to which the charging order was issued any distribution that otherwise would be paid to the judgment debtor.

(2) To the extent necessary to effectuate the collection of distributions ~~[pursuant to]~~ in accordance with a charging order in effect under Subsection (1), the court may:

- (a) appoint a receiver of the distributions subject to the charging order, with the power to make all inquiries the judgment debtor might have made; and
- (b) make all other orders necessary to give effect to the charging order.

(3)(a) Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the transferable interest.

(b) ~~[-]~~Except as otherwise provided in Subsection (6), the purchaser at the foreclosure sale only obtains the transferable interest, does not thereby become a member, and is subject to Section ~~[48-3a-502]~~ 16-20-502.

(4) At any time before foreclosure under Subsection (3), the member or transferee whose transferable interest is subject to a charging order under Subsection (1) may extinguish the charging order by satisfying the judgment and filing a certified copy of the satisfaction with the court that issued the charging order.

(5) At any time before foreclosure under Subsection (3), a limited liability company or one or more members whose transferable interests are not subject to the charging order may pay to the judgment creditor the full amount due under the judgment and thereby succeed to the rights of the judgment creditor, including the charging order.

(6) If a court orders foreclosure of a charging order lien against the sole member of a limited liability company:

- 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)~~] 16-20-602(6);
    - 8211 (iii) the person is dissociated under Subsection [~~48-3a-602(8)~~] 16-20-602(8); or
    - 8212 (iv) in the case of a person that is not a trust other than a business trust, an estate, or
    - 8213 an individual, the person is expelled or otherwise dissociated as a member because
    - 8214

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,

trust, or estate, the existence of the person terminates;

(12) the limited liability company participates in a merger under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, and:

(a) the limited liability company is not the surviving entity; or

(b) otherwise as a result of the merger, the person ceases to be a member;

(13) the limited liability company participates in an interest exchange under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Part 8, Interest Exchange, and, as a result of the interest exchange, the person ceases to be a member;

(14) the limited liability company participates in a conversion under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 9, Conversion;

(15) the limited liability company participates in a domestication under [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 10, Domestication, and, as a result of the domestication, the person ceases to be a member; or

(16) the limited liability company dissolves and completes winding up.

Section 270. Section **16-20-603**, which is renumbered from Section 48-3a-603 is renumbered and amended to read:

**[48-3a-603] 16-20-603 . Effect of dissociation.**

(1) If a person is dissociated as a member:

(a) the person's right to participate as a member in the management and conduct of the company's activities and affairs terminates;

(b) if the limited liability company is member-managed, the person's duties and obligations under Section [~~48-3a-409~~] 16-20-409 as a member end with regard to matters arising and events occurring after the person's dissociation; and

(c) subject to Section [~~48-3a-504~~] 16-20-504 and [~~Part 10, Merger, Interest Exchange, Conversion, and Domestication~~] Chapter 1a, Part 7, Merger, Chapter 1a, Part 8, Interest Exchange, Chapter 1a, Part 9, Conversion, or Chapter 1a, Part 10, Domestication, any transferable interest owned by the person in the person's capacity as a member immediately before dissociation as a member is owned by the person solely as a transferee.

(2) A person's dissociation as a member does not of itself discharge the person from any debt, obligation, or other liability to the limited liability company or the other members which the person incurred while a member.

Section 271. Section **16-20-701**, which is renumbered from Section 48-3a-701 is renumbered and amended to read:

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**Part 7. Dissolution and Winding Up**

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**[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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(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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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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(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

interest in the limited liability company owned by the applicant member at the fair market value of the interest, determined as provided in this section.

(b) An election [~~pursuant to~~] in accordance with this Subsection (1) is irrevocable unless a court determines that it is equitable to set aside or modify the election.

(2)(a) An election to purchase [~~pursuant to~~] in accordance with this section may be filed with a court at any time within 90 days after the filing of the petition in a proceeding under Subsection [~~48-3a-701(5)~~] 16-20-701(5) or at any later time as the court in the court's discretion may allow.

(b) If the limited liability company files an election with a court within the 90-day period, or at any later time allowed by the court, to purchase the interest in the limited liability company owned by the applicant member, the limited liability company shall purchase the interest in the manner provided in this section.

(3)(a) If the limited liability company does not file an election with a court within the time period, but an election to purchase the interest in the limited liability company owned by the applicant member is filed by one or more members within the time period, the limited liability company shall, within 10 days after the later of the end of the time period allowed for the filing of elections to purchase under this section or notification from the court of an election by members to purchase the interest in the limited liability company owned by the applicant member as provided in this section, give written notice of the election to purchase to all members of the limited liability company, other than the applicant member.

(b) The notice shall state the name and the percentage interest in the limited liability company owned by the applicant member and the name and the percentage interest in the limited liability company owned by each electing member.

(c) The notice shall advise any recipients who have not participated in the election of their right to join in the election to purchase the interest in the limited liability company in accordance with this section and of the date by which any notice of intent to participate must be filed with the court.

(4) Members who wish to participate in the purchase of the interest in the limited liability company of the applicant member must file notice of their intention to join in the purchase by electing members no later than 30 days after the effective date of the limited liability company's notice of their right to join in the election to purchase.

(5) All members who have filed with the court an election or notice of their intention to participate in the election to purchase the interest in the limited liability company of the

applicant member thereby become irrevocably obligated to participate in the purchase of the interest from the applicant member upon the terms and conditions of this section, unless the court otherwise directs.

(6) After an election has been filed by the limited liability company or one or more members, the proceedings under Subsection [~~48-3a-701(5)~~] 16-20-701(5) may not be discontinued or settled, nor may the applicant member sell or otherwise dispose of the applicant member's interest in the limited liability company, unless the court determines that it would be equitable to the limited liability company and the members, other than the applicant member, to permit any discontinuance, settlement, sale, or other disposition.

(7) If, within 60 days after the earlier of the limited liability company filing of an election to purchase the interest in the limited liability company of the applicant member or the limited liability company's mailing of a notice to [its] the limited liability company's members of the filing of an election by the members to purchase the interest in the limited liability company of the applicant member, the applicant member and electing limited liability company or members reach agreement as to the fair market value and terms of the purchase of the applicant member's interest, the court shall enter an order directing the purchase of the applicant member's interest, upon the terms and conditions agreed to by the parties.

(8) If the parties are unable to reach an agreement as provided for in Subsection (7), upon application of any party, the court shall stay the proceedings under Subsection [~~48-3a-701(5)~~] 16-20-701(5) and determine the fair market value of the applicant member's interest in the limited liability company as of the day before the date on which the petition under Subsection [~~48-3a-701(5)~~] 16-20-701(5) was filed or as of any other date the court determines to be appropriate under the circumstances and based on the factors the court determines to be appropriate.

(9)(a) Upon determining the fair market value of the interest in the limited liability company of the applicant member, the court shall enter an order directing the purchase of the interest in the limited liability company upon terms and conditions the court determines to be appropriate.

(b) The terms and conditions may include payment of the purchase price in installments, where necessary in the interest of equity, provision for security to assure payment of the purchase price and any additional costs, fees, and expenses awarded by the court, and an allocation of the interest in the limited liability company among members if



- 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.

(b) If the person does so, the person has the powers of a sole manager under Subsection [48-3a-407(3)] 16-20-407(3) and is deemed to be a manager for the purposes of Subsection [48-3a-304(1)] 16-20-304(1).

(4)(a) If the legal representative under Subsection (3) declines or fails to wind up the limited liability company's activities and affairs, a person may be appointed to do so by the consent of transferees owning a majority of the rights to receive distributions as transferees at the time the consent is to be effective.

(b) [-]A person appointed under this Subsection (4):

[(a)] (i) has the powers of a sole manager under Subsection [48-3a-407(3)] 16-20-407(3) and is deemed to be a manager for the purposes of Subsection [48-3a-304(1)] 16-20-304(1); and

[(b)] (ii) shall promptly deliver to the division for filing an amendment to the limited liability company's certificate of organization stating:

[(i)] (A) that the limited liability company has no members;

[(ii)] (B) the name and street and mailing addresses of the person; and

[(iii)] (C) that the person has been appointed [~~pursuant to~~] in accordance with this subsection to wind up the limited liability company.

(5) A court may order judicial supervision of the winding up of a dissolved limited liability company, including the appointment of a person to wind up the limited liability company's activities and affairs:

(a) upon a petition by a member if the member establishes good cause;

(b) upon a petition by a transferee if:

(i) the company does not have any members;

(ii) the legal representative of the last person to have been a member declines or fails to wind up the limited liability company's activities; and

(iii) within a reasonable time following the dissolution a person has not been appointed [~~pursuant to~~] in accordance with Subsection (4); or

(c) in connection with a proceeding under Subsection [48-3a-701(4)] 16-20-701(4) or (5).

Section 274. Section **16-20-704**, which is renumbered from Section 48-3a-704 is renumbered and amended to read:

**[48-3a-704] 16-20-704 . Rescinding dissolution.**

(1) A limited liability company may rescind the limited liability company's dissolution, unless a statement of termination applicable to the limited liability company is effective, a court has entered an order under Subsection [48-3a-701(4)] 16-20-701(4) or (5)

dissolving the limited liability company, or the division has dissolved the limited liability company under Section ~~[48-3a-708]~~ 16-1a-603.

(2) Rescinding dissolution under this section requires:

(a) the consent of each member;

(b) if a statement of dissolution applicable to the limited liability company has been filed by the division but has not become effective, the delivery to the division for filing of a statement of withdrawal under Section ~~[48-3a-207]~~ 16-1a-205 applicable to the statement of dissolution; and

(c) if a statement of dissolution applicable to the limited liability company is effective, the delivery to the division for filing of a statement of correction under Section ~~[48-3a-208]~~ 16-1a-206 stating that dissolution has been rescinded under this section.

(3) If a limited liability company rescinds ~~[its]~~ the limited liability company's dissolution:

(a) the limited liability company resumes carrying on ~~[its]~~ the limited liability company's activities and affairs as if dissolution had never occurred;

(b) subject to Subsection (3)(c), any liability incurred by the limited liability company after the dissolution and before the rescission is effective is determined as if dissolution had never occurred; and

(c) the rights of a third party arising out of conduct in reliance on the dissolution before the third party knew or had notice of the rescission may not be adversely affected.

Section 275. Section **16-20-705**, which is renumbered from Section 48-3a-705 is renumbered and amended to read:

**[48-3a-705] 16-20-705 . Known claims against dissolved limited liability company.**

(1) A dissolved limited liability company in winding up may dispose of the known claims against it by following the procedures described in this section.

(2)(a) A limited liability company in winding up, electing to dispose of known claims ~~[pursuant to]~~ in accordance with this section, may give written notice of the limited liability company's dissolution to known claimants at any time after the effective date of the dissolution.

(b) ~~[-]~~ The written notice must:

~~[(a)]~~ (i) describe the information that must be included in a claim;

~~[(b)]~~ (ii) provide an address to which written notice of any claim must be given to the limited liability company;

~~[(c)]~~ (iii) state the deadline, which may not be fewer than 120 days after the effective date of the notice, by which the dissolved limited liability company must receive

- 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

filed a certificate of assumed and of true name with the ~~[Division of Corporations and Commercial Code]~~ division on or before May 4, 1998, until December 31, 1998.

(b) On or after January 1, 1999, a person ~~[who]~~ that carries on, conducts, or transacts business in this state under ~~[an assumed name]~~ a D.B.A. shall comply with the requirements of Subsection (1)(d).

Section 292. Section **42-2-201** is enacted to read:

## **Part 2. Registration, Filings, and Penalties**

### **42-2-201 . Registration as a D.B.A.**

(1) To register as a D.B.A., a person shall:

(a) file a D.B.A. certificate with the division no later than 30 days after the day on which the entity begins to carry out, conduct, or transact the entity's business; and

(b) designate and maintain a registered agent in this state in accordance with Title 16, Chapter 1a, Part 4, Registered Agent of an Entity.

(2) To register a general partnership as a D.B.A. if the general partnership is not registered with the division, the general partnership's partners shall each register as a D.B.A. in accordance with Subsection (1).

(3) A person filing a D.B.A. certificate in accordance with Subsection (1) shall include in a conspicuous place on the face of the D.B.A. certificate a notice that states: NOTICE - THE FILING OF THIS APPLICATION AND THIS APPLICATION'S APPROVAL BY THE DIVISION OF CORPORATIONS AND COMMERCIAL CODE DOES NOT AUTHORIZE THE USE IN THE STATE OF UTAH OF AN ASSUMED NAME IN VIOLATION OF THE RIGHTS OF ANOTHER FEDERAL STATUTE, STATE STATUTE, OR COMMON LAW. (SEE UTAH CODE ANN. 42-2-201).

(4) A registration statement filed in accordance with Subsection (1) is considered effective on the day on which the division:

(a) receives and approves, as to form, the registration statement; and

(b) marks on the face of the registration statement a stamp or seal that indicates:

(i) the time and date of approval;

(ii) the name of the division; and

(iii)(A) the director's signature and division seal; or

(B) a facsimile of the director's signature and division seal.

Section 293. Section **42-2-202** is enacted to read:

### **42-2-202 . Amending a D.B.A. certificate.**

(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.