

Part 7

Transferable Interest and Rights

48-2e-701 Nature of transferable interest.

The only interest of a partner which is transferable is the partner's transferable interest. A transferable interest is personal property.

Enacted by Chapter 412, 2013 General Session

48-2e-702 Transfer of transferable interest.

- (1) A transfer, in whole or in part, of a transferable interest:
 - (a) is permissible;
 - (b) does not by itself cause the person's dissociation or a dissolution and winding up of the limited partnership's activities and affairs; and
 - (c) subject to Section 48-2e-704, does not entitle the transferee to:
 - (i) participate in the management or conduct of the limited partnership's activities or affairs; or
 - (ii) except as otherwise provided in Subsection (3), have access to required information, records, or other information concerning the limited partnership's activities and affairs.
- (2) A transferee has the right to receive, in accordance with the transfer, distributions to which the transferor would otherwise be entitled.
- (3) In a dissolution and winding up of a limited partnership, a transferee is entitled to an account of the limited partnership's transactions only from the date of dissolution.
- (4) A transferable interest may be evidenced by a certificate of the interest issued by a limited partnership in a record, and, subject to this section, the interest represented by the certificate may be transferred by a transfer of the certificate.
- (5) A limited partnership need not give effect to a transferee's rights under this section until the limited partnership knows or has notice of the transfer.
- (6) A transfer of a transferable interest in violation of a restriction on transfer contained in the partnership agreement is ineffective as to a person having knowledge or notice of the restriction at the time of transfer.
- (7) Except as otherwise provided in Subsections 48-2e-601(2)(d)(ii) and 48-2e-603(4)(b), if a general or limited partner transfers a transferable interest, the transferor retains the rights of a general or limited partner other than the transferable interest transferred and retains all the duties and obligations of a general or limited partner.
- (8) If a general or limited partner transfers a transferable interest to a person that becomes a general or limited partner with respect to the transferred interest, the transferee is liable for the transferor's obligations under Sections 48-2e-502 and 48-2e-505 known to the transferee when the transferee becomes a partner.

Enacted by Chapter 412, 2013 General Session

48-2e-703 Charging order.

- (1) On application by a judgment creditor of a partner or transferee, a court may enter a charging order against the transferable interest of the judgment debtor for the unsatisfied amount of the judgment. A charging order constitutes a lien on a judgment debtor's transferable interest and, after the 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) Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the transferable interest. The purchaser at the foreclosure sale obtains only the transferable interest, does not thereby become a partner, and is subject to Section 48-2e-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.

Enacted by Chapter 412, 2013 General Session

48-2e-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); and
- (2) for the purposes of settling the estate, the rights of a current limited partner under Section 48-2e-304.

Enacted by Chapter 412, 2013 General Session