

48-2e-306 Person erroneously believing self to be limited partner.

- (1) Except as otherwise provided in Subsection (2), a person that makes an investment in a business enterprise and erroneously but in good faith believes that the person has become a limited partner in the enterprise is not liable for the enterprise's obligations by reason of making the investment, receiving distributions from the enterprise, or exercising any rights of or appropriate to a limited partner, if, on ascertaining the mistake, the person:
 - (a) causes an appropriate certificate of limited partnership, amendment, or statement of correction to be signed and delivered to the division for filing; or
 - (b) withdraws from future participation as an owner in the enterprise by signing and delivering to the division for filing a statement of negation under this section.
- (2) A person that makes an investment described in Subsection (1) is liable to the same extent as a general partner to any third party that enters into a transaction with the enterprise, believing in good faith that the person is a general partner, before the division files a statement of negation, certificate of limited partnership, amendment, or statement of correction to show that the person is not a general partner.
- (3) If a person makes a diligent effort in good faith to comply with Subsection (1)(a) and is unable to cause the appropriate certificate of limited partnership, amendment, or statement of correction to be signed and delivered to the division for filing, the person has the right to withdraw from the enterprise pursuant to 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.

Enacted by Chapter 412, 2013 General Session