
By: **Delegate Finifter**

Introduced and read first time: March 4, 1998

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Limited Partnerships - Dissolution**

3 FOR the purpose of allowing a limited partnership to have a perpetual existence in
4 certain circumstances; altering the circumstances under which a limited partner
5 may withdraw from a limited partnership; clarifying a partner's entitlement, on
6 withdrawal from the partnership, to distributions from that partnership; and
7 generally relating to limited partnerships.

8 BY repealing and reenacting, with amendments,
9 Article - Corporations and Associations
10 Section 10-201, 10-603, and 10-604
11 Annotated Code of Maryland
12 (1993 Replacement Volume and 1997 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article - Corporations and Associations**

16 10-201.

17 (a) One or more general and limited partners may form a limited partnership.
18 To do so all of the general partners must execute a certificate of limited partnership.
19 The certificate of limited partnership shall be filed with the Department and set
20 forth:

21 (1) The name of the limited partnership;

22 (2) The address of its principal office in this State and the name and
23 address of its resident agent;

24 (3) The name and the business, residence, or mailing address of each
25 general partner;

26 (4) The latest date upon which the limited partnership is to dissolve AND
27 IF NO DISSOLUTION DATE IS STATED IN THE PARTNERSHIP AGREEMENT, SUBJECT

1 TO THE PROVISIONS OF § 10-801 OF THIS TITLE, THE LIMITED PARTNERSHIP SHALL
2 HAVE A PERPETUAL EXISTENCE WHICH SHALL BE SO STATED IN THE CERTIFICATE;
3 and

4 (5) Any other matters the partners determine to include in the
5 certificate of limited partnership.

6 (b) A limited partnership is formed at the time of the filing of the initial
7 certificate with the Department or at any later time specified in the certificate if, in
8 either case, there has been substantial compliance with the requirements of this
9 section.

10 10-603.

11 (A) A limited partner may withdraw from a limited partnership at the time or
12 on the happening of events specified in the partnership agreement. [If the
13 partnership agreement does not specify the time or the events on the happening of
14 which a limited partner may withdraw or a definite time for the dissolution and
15 winding up of the limited partnership, a limited partner may withdraw on not less
16 than 6 months' prior written notice to each general partner at the general partner's
17 address on the books of the limited partnership.] IF THE PARTNERSHIP AGREEMENT
18 DOES NOT SPECIFY THE TIME OR THE EVENTS ON THE OCCURRENCE OF WHICH A
19 LIMITED PARTNER MAY WITHDRAW, A LIMITED PARTNER MAY NOT WITHDRAW
20 BEFORE THE DISSOLUTION AND WINDING UP OF THE LIMITED PARTNERSHIP.

21 (B) A LIMITED PARTNER MAY WITHDRAW ON NOT LESS THAN 6 MONTHS'
22 PRIOR WRITTEN NOTICE TO EACH GENERAL PARTNER AT THE GENERAL PARTNER'S
23 ADDRESS ON THE BOOKS OF THE LIMITED PARTNERSHIP IF THE FOLLOWING
24 CONDITIONS ARE MET:

25 (1) THE LIMITED PARTNERSHIP WAS FORMED BEFORE OCTOBER 1, 1998;

26 (2) ON OCTOBER 1, 1998, THE PARTNERSHIP AGREEMENT OF THE
27 LIMITED PARTNERSHIP DID NOT SPECIFY IN WRITING THE TIME OR THE EVENTS ON
28 THE OCCURRENCE OF WHICH A LIMITED PARTNER MAY WITHDRAW OR A DEFINITE
29 TIME FOR THE DISSOLUTION AND THE WINDING UP OF THE LIMITED PARTNERSHIP;
30 AND

31 (3) THE LIMITED PARTNERSHIP DID NOT AMEND ITS PARTNERSHIP
32 AGREEMENT ON OR AFTER OCTOBER 1, 1998 TO SPECIFY IN WRITING THE TIME OR
33 THE EVENTS ON THE OCCURRENCE OF WHICH A LIMITED PARTNER MAY WITHDRAW
34 OR A DEFINITE TIME FOR THE DISSOLUTION AND WINDING UP OF THE LIMITED
35 PARTNERSHIP.

36 10-604.

37 Except as otherwise provided in this subtitle, on withdrawal any withdrawing
38 partner is entitled to receive any distribution to which[he] THE PARTNER is entitled
39 under the partnership agreement and, if not otherwise provided in the partnership
40 agreement, [he] THE PARTNER is entitled to receive, within a reasonable time after

1 withdrawal, the fair value of [his] THE PARTNER'S partnership interest in the limited
2 partnership as of the date of withdrawal, BASED ON THE PARTNER'S RIGHT TO SHARE
3 IN DISTRIBUTIONS FROM THE LIMITED PARTNERSHIP.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 1998.