

LEGISLATIVE HISTORY CHECKLIST

NJSA: 42:2A-4

(Limited Partnership Law--  
amendment)

LAWS OF: 1988

CHAPTER: 130

BILL NO: A2793

SPONSOR(S): Shusted and Rocco

Date Introduced: March 14, 1988

Committee: Assembly: Judiciary

Senate: Judiciary

Amended during passage: Yes

Amendments during passage  
denoted by asterisks.

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Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

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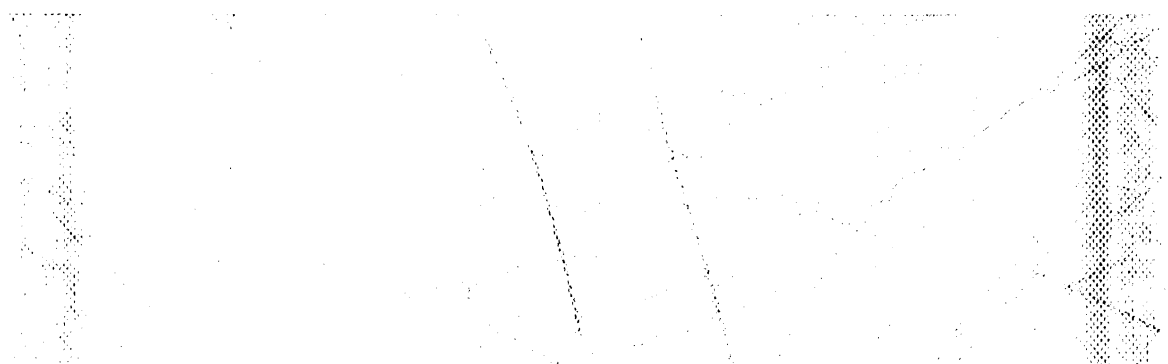
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ASSEMBLY, No. 2793

STATE OF NEW JERSEY

INTRODUCED MARCH 14, 1988

By Assemblymen SHUSTED and ROCCO

1 AN ACT concerning limited partnerships and amending and  
supplementing P.L. 1983, c. 489 and making an appropriation.

3

BE IT ENACTED *by the Senate and General Assembly of the*  
5 *State of New Jersey:*

1. Section 4 of P.L. 1983, c. 489 (C. 42:2A-4) is amended to  
7 read as follows:

4. Existing limited partnerships brought under this chapter.

9 A limited partnership formed under any statute of this State  
prior to the effective date of this chapter shall be governed by  
11 the provisions of this chapter, except that the partnership [shall  
be deemed to have complied with the provisions in sections 6 and  
13 13 of this chapter and the partnership] shall be deemed to be  
formed on the date set by the provisions of the statute under  
15 which it was formed, the name of the limited partnership need  
not be amended to comply with section 6 of P.L. 1983, c. 489 (C.  
17 42:2A-6), and the certificate need not be amended to comply  
with section 13 of P.L. 1983, c. 489 (C. 42:2A-14).

19 (cf: P.L. 1984, c. 245, s. 3)

2. Section 5 of P.L. 1983, c. 489 (C. 42:2A-5) is amended to  
21 read as follows:

5. Definitions. As used in this chapter, unless the context  
23 otherwise requires:

a. "Certificate of limited partnership" [means] and  
25 "partnership certificate" mean the certificate referred to in  
section 13 [, and the certificate as amended] of P.L. 1983, c. 489  
27 (C. 42:2A-14) as it may be corrected pursuant to section of  
P.L. 19 , c. (C. ) (now pending before the Legislature as  
29 this bill) or amended or restated from time to time.

b. "Contribution" means any cash, property, services rendered,  
31 or a promissory note or other binding obligation to contribute  
cash or property or to perform services, which a partner  
33 contributes to a limited partnership in his capacity as a partner.

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the  
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.  
Matter enclosed in superscript numerals has been adopted as follows:  
Assembly floor amendments adopted May 16, 1988.

1 c. "Event of withdrawal of a general partner" means an event  
that causes a person to cease to be a general partner as provided  
3 in [section 39] this chapter, or in the partnership agreement.

5 d. "Foreign limited partnership" means a partnership formed  
under the laws of any state other than this State and having as  
partners one or more general partners and one or more limited  
7 partners.

9 e. "General partner" means a person who has been admitted to  
a limited partnership as a general partner in accordance with the  
partnership agreement and named in the certificate of limited  
11 partnership as a general partner.

13 f. "Limited partner" means a person who has been admitted to  
a limited partnership as a limited partner in accordance with the  
partnership agreement [and named in the certificate of limited  
15 partnership as a limited partner].

17 g. "Limited partnership" and "domestic limited partnership"  
mean a partnership formed by two or more persons under the laws  
of this State and having one or more general partners and one or  
19 more limited partners.

h. "Partner" means a limited or general partner.

21 i. "Partnership agreement" means any valid agreement,  
written or oral, of the partners as to the affairs of a limited  
23 partnership and the conduct of its business.

25 j. "Partnership interest" means a partner's share of the  
profits and losses of a limited partnership and the right to receive  
distributions of partnership assets.

27 k. "Person" means a natural person, partnership, limited  
partnership (domestic or foreign), trust, estate, association, or  
29 corporation.

31 l. "State" means a state, territory, or possession of the United  
States, the District of Columbia, or the Commonwealth of Puerto  
Rico.

33 m. Unless otherwise provided in the partnership certificate or  
in the partnership agreement, "in interest" shall mean a vote or  
35 percentage of a limited partner (in a class of limited partners)  
equal to the portion that partner's share in contributions to the  
37 partnership bears to the share in contributions to the partnership  
of all limited partners (of that class).

39 n. "Principal office" means the place designated in the

1 partnership agreement or the place of business of the limited  
2 partnership where the chief or principal affairs and business of  
3 the partnership are transacted.

(cf: P.L. 1983, c. 489, s. 5)

5 3. Section 6 of P.L. 1983, c. 489 (C. 42:2A-6) is amended to  
read as follows:

7 6. Name of limited partnership. a. The name of each limited  
partnership as set forth in its certificate of limited partnership or  
9 the name of any foreign limited partnership applying for a  
certificate of authority to transact business in this State:

11 (1) Shall contain the words "limited partnership" or the  
abbreviation "L.P.";

13 (2) May not contain the name of a limited partner unless it is  
also the name of a general partner or the corporate name of a  
15 corporate general partner, or the business of the limited  
partnership had been carried on under that name before the  
17 admission of that limited partner;

(3) May not contain any word or phrase indicating or implying  
19 that it is organized other than for a purpose stated in its  
certificate of limited partnership;

21 (4) <sup>1</sup>[Shall not be the same as, or confusingly similar to, the  
name of any domestic limited partnership including a limited  
23 partnership name set forth in a certificate of limited partnership  
filed in the office of the Secretary of State whose effective date  
25 is subsequent to the date of filing, as authorized by section 14 of  
[this chapter] P.L. 1983, c. 489 (C. 42:2A-15), or of any foreign  
27 limited partnership authorized to transact business in this State  
or any limited partnership name reserved or registered under this  
29 chapter, or the name of any profit or nonprofit corporation on  
file with the Secretary of State, unless the written consent of the  
31 other domestic or foreign limited partnership, profit or nonprofit  
corporation, or holder of a reserved or registered name to the  
33 adoption of its name or a confusingly similar name is filed in the  
office of the Secretary of State with the certificate of limited  
35 partnership or with the application for an original or amended  
certificate of authority to transact business in this State or, in  
37 lieu of the consent,] Shall be such to distinguish it upon the  
records in the office of the Secretary of State from the names of  
39 other domestic limited partnerships, foreign limited partnerships,

1 domestic profit corporations, foreign profit corporations,  
2 domestic nonprofit corporations, and foreign nonprofit  
3 corporations or a current name reservation or a current name  
4 registration unless<sup>1</sup> there is filed a certified copy of a final  
5 judgment of a court of competent jurisdiction establishing the  
6 prior right of the limited partnership to the use of the name in  
7 this State;

8 (5) Shall not contain any word or phrase, or any abbreviation or  
9 derivative thereof, the use of which is prohibited or restricted by  
10 any other statutes of this State, unless the restrictions have been  
11 complied with.

12 b. This section shall not require any domestic limited  
13 partnership organized prior to [the effective date of this chapter]  
14 April 1, 1985 to change its name in accordance with this section,  
15 if the name is otherwise lawful on [the effective date of this  
16 chapter, and a] March 31, 1985. A limited partnership or foreign  
17 limited partnership transacting business in this State shall not  
18 change its limited partnership name on or after the effective  
19 date of [this chapter] P.L. 19 , c. (C. ) (now pending  
20 before the Legislature as this bill) to a name which is not  
21 available for limited partnership use under this [section] chapter.

22 c. If the name of a foreign limited partnership is not available  
23 for use in this State because of [paragraph] paragraphs (1) through  
24 (4) of subsection a., the limited partnership may be authorized to  
25 transact business in this State under <sup>1</sup>[a fictitious] an assumed<sup>1</sup>  
26 name [which is available for a limited partnership use under this  
27 section,] by filing in the office of the Secretary of State with its  
28 application for an original or amended certificate of authority a  
29 certificate of its general partner adopting the <sup>1</sup>[fictitious]  
30 assumed<sup>1</sup> name for use in transacting business in this State.

31 d. The limited partnership name of a domestic limited  
32 partnership whose certificate of limited partnership has been  
33 cancelled, the limited partnership name of a foreign limited  
34 partnership whose certificate of limited partnership has been  
35 cancelled or withdrawn, and the corporate name of any profit or  
36 nonprofit corporation which has been dissolved and any name  
37 confusingly similar to the name of a foreign limited partnership  
38 whose certificate of limited partnership has been cancelled or  
39 withdrawn, domestic limited partnership or profit or nonprofit

1 corporation which has been dissolved or which has been  
2 terminated shall not be available for foreign or domestic limited  
3 partnership use for two years after the effective time of  
4 cancellation, withdrawal or termination, unless, within the  
5 two-year period, the written consent of the dissolved, withdrawn  
6 or cancelled domestic or foreign limited partnership or  
7 corporation to the adoption of its name, or a confusingly similar  
8 name, is filed in the office of the Secretary of State with the  
9 certificate of limited partnership [if another] of the new proposed  
10 domestic limited partnership or with the application of a foreign  
11 limited partnership for an original or amended certificate of  
12 authority to transact business in this State.

13 e. The filing in the office of the Secretary of State of the  
14 certificate of limited partnership of a domestic limited  
15 partnership or the issuance by the Secretary of State of a  
16 certificate to a foreign limited partnership authorizing it to  
17 transact business in this State shall not preclude an action by this  
18 State to enjoin a violation of this section or any action by any  
19 person adversely affected to enjoin the violation or the use of a  
20 limited partnership name in violation of the rights of that person,  
21 whether on principles of unfair competition or otherwise, and the  
22 court may grant any other appropriate relief in the action.

23 (cf: P.L. 1984, c. 245, s. 4)

24 4. Section 8 of P.L. 1983, c. 489 (C. 42:2A-8) is amended to  
25 read as follows:

26 8. Registered office and registered agent. a. Every domestic  
27 and foreign limited partnership shall continuously maintain in this  
28 State a registered office, which may, but need not be a place of  
29 business maintained by it in the State of New Jersey and a  
30 registered agent having a business office identical with the  
31 registered office.

32 b. All the records required by section 9 of P.L. 1983, c. 489 (C.  
33 42:2A-9) to be maintained shall be kept at the [registered office]  
34 limited partnership's principal office and upon five days written  
35 request by any partner, shall be made available at the registered  
36 office for the inspection and copying by any partner during  
37 ordinary business hours. The cost of copying shall be borne by the  
38 partner requesting copies.

39 c. The registered agent shall be an agent for service of process

1 upon the limited partnership, and shall be an individual resident  
of this State, a domestic corporation or a foreign corporation  
3 authorized to do business in this State.

(cf: P.L. 1983, c. 489, s. 8)

5 5. Section 9 of P.L. 1983, c. 489 (C. 42:2A-9) is amended to  
read as follows:

7 9. Records to be kept and maintained at the [registered office]  
principal office. Every limited partnership shall keep and  
9 maintain at its [registered office] principal office the following:

a. A current list of the full name, [and] the last known business  
11 address or home address of each partner, [set forth in  
alphabetical order] and the rights of each partner to vote;

13 b. A copy of the certificate of limited partnership and all  
certificates of amendment thereto, together with executed  
15 copies of any powers of attorney pursuant to which any  
certificate has been executed;

17 c. Copies of the limited partnership's Federal, State and local  
income tax returns and reports, if any, for the 3 most recent  
19 years; and

d. Copies of any then effective written partnership  
21 agreements and of any financial statements of the limited  
partnership for the 3 most recent years.

23 The records set forth in this section shall be subject to  
inspection and copying at the reasonable request, and at the  
25 expense, of any partner during ordinary business hours.

(cf: P.L. 1983, c. 489, s. 9)

27 6. Section 13 of P.L. 1983, c. 489 (C. 42:2A-14) is amended to  
read as follows:

29 13. Certificate of limited partnership. Two or more persons  
desiring to form a limited partnership shall [execute] cause to be  
31 executed a certificate of limited partnership [which]. The  
certificate shall be executed by the person or persons named  
33 therein as the general partner or general partners. The  
certificate shall be filed in the office of the Secretary of State  
35 and shall set forth:

a. The name of the limited partnership;  
37 b. The general character of its business;  
c. The address, including the actual location as well as postal  
39 designation, if different, of the original registered office

1 and the name and address of the original registered agent for  
service of process required to be maintained by section 8 of P.L.  
3 1983, c. 489 (C. 42:2A-8);

4 d. The name and the business address or place of residence of  
5 each general partner;

6 e. The aggregate amount of cash and a description and  
7 statement of the agreed value of the other property or services  
8 contributed by all partners and which all partners have agreed to  
9 contribute in the future;

10 f. The times at which or events on the happening of which any  
11 additional contributions agreed to be made by [each partner] any  
partner or partners are to be made;

12 g. Any power of a limited partner to grant the right to become  
13 a limited partner to an assignee of any part of his partnership  
14 interest, and the terms and conditions of the power;

15 h. If agreed upon, the time at which or the events on the  
16 happening of which a partner may terminate his membership in  
17 the limited partnership and the amount of, or the method of  
18 determining, the distribution to which he may be entitled  
19 respecting his partnership interest, and the terms and conditions  
20 of the termination and distribution;

21 i. Any right of a partner to receive distributions of property,  
22 including cash from the limited partnership;

23 j. Any right of a partner to receive, or of a general partner to  
24 make, distributions to a partner which include a return of all or  
25 any part of the partner's contribution;

26 k. Any time at which or events upon the happening of which  
27 the limited partnership is to be dissolved and its affairs wound up;

28 l. Any right of the remaining general partners to continue the  
29 business on the happening of an event of withdrawal of a general  
30 partner; [and]

31 m. Any other matters the partners determine to include  
32 therein; and

33 n. The address of the principal office, which need not be in the  
34 State of New Jersey.

(cf: P.L. 1984, c. 245, s. 6).

35 7. Section 16 of P.L. 1983, c. 489 (C. 42:2A-17) is amended to  
36 read as follows:

37 16. When amendment to certificate required. An amendment  
38

1 to a certificate of limited partnership shall be filed within 30  
days when:

3 a. There is a change in the name of the partnership;

5 b. There is a decrease in the amount of the contribution of the  
partners;

7 c. There is the admission of a new general partner or [the] an  
event of withdrawal of a general partner;

9 d. There is a change in the character of the business of the  
partnership;

11 e. There is a continuation of the partnership business under  
section 50 of P.L. 1983, c. 489 (C. 42:2A-51) after [the] an event  
of withdrawal of a general partner;

13 f. There is a change in the time as stated in the certificate for  
dissolution of the partnership or for the return of a contribution;

15 g. There is a time fixed for dissolution of the partnership or  
the return of a contribution, no time therefor having been  
17 specified in the certificate;

19 h. There is a false or erroneous statement in the certificate or  
that any arrangements or other facts described in the certificate  
have changed making the certificate inaccurate in any respect;  
21 and

23 i. [The general partners determine to amend the partnership  
agreement for any purpose but only to the extent the general  
partners may amend the partnership agreement.] Deleted by  
25 amendment (P.L. 19 , c. , (C. ) (now pending before the  
legislature as this bill).

27 [A partner shall not incur any liability] No person shall be liable  
if an amendment to a certificate of limited partnership reflecting  
29 the occurrence of any event referred to in this section is filed  
within [the 30-day period specified herein] 30 days of the event  
31 which gives rise to the obligation to file the amendment.

33 A restated certificate of limited partnership may be adopted,  
executed and filed in the same manner as a certificate of  
amendment.

35 (cf: P.L. 1984, c. 245, s. 7)

37 8. Section 18 of P.L. 1983, c. 489 (C. 42:2A-19) is amended to  
read as follows:

39 18. Execution of certificate. Each certificate required by this  
article to be filed in the office of the Secretary of State shall be

1       executed in the following manner:

3           a. An original certificate of limited partnership must be signed  
by all general partners [named therein];

5           b. A certificate of amendment must be signed by at least one  
general partner and by each other general partner designated in  
7       the certificate as a new general partner [or whose contribution is  
described as having been increased]. If there is no existing  
9       general partner, a certificate of amendment must be signed by  
each person designated in the amended certificate as a new  
general partner;

11          c. A certificate of cancellation must be signed by all general  
partners. If there is no existing general partner, a certificate of  
13       cancellation must be signed by:

          (1) All limited partners; or

15          (2) Any limited partner after the 90th day following the  
withdrawal of the last general partner; or

17          (3) Any limited partner within 90 days after an event of  
withdrawal of the last general partner, provided that the limited  
19       partners have determined not to continue the business of the  
partnership and not to appoint a new general partner pursuant to  
21       section 50 of P.L. 1983, c. 489 (C. 42:2A-51) and the partnership  
agreement, and the certificate of cancellation contains a  
23       representation to that effect; and

          d. [Any person may sign a certificate by an attorney-in-fact,  
25       but a power of attorney to sign a certificate relating to the  
admission, or increased contribution, of a partner must  
27       specifically describe the admission or increase; and] Deleted by  
amendment (P.L. 19 , c. (C. ) (now pending before the  
29       Legislature as this bill).

          e. The execution of any of the foregoing certificates [a  
31       certificate by a general partner] constitutes an affirmation under  
the penalties of perjury that the [facts stated] statements made  
33       therein are true.

(cf: P.L. 1983, c. 489, s. 18)

35          9. Section 20 of P.L. 1983, c. 489 (C. 42:2A-21) is amended to  
read as follows:

37          20. Filing in office of Secretary of State; effect of filing. a.  
[Two signed copies] An original and a duplicate copy of the  
39       certificate of limited partnership and of any certificates of

1 amendment or cancellation or any order or judgment of  
amendment or cancellation shall be delivered to the Secretary of  
3 State. [A person who executes a certificate as an agent or  
fiduciary need not exhibit evidence of his authority as a  
5 prerequisite to filing.] Unless the Secretary of State finds that  
any certificate does not conform to law, upon receipt of all filing  
7 fees required by law he shall:

- 8 (1) Endorse on [each duplicate original] the original and  
9 duplicate copy the word "Filed" and the day, month and year of  
the filing thereof;
- 11 (2) File [one duplicate] the original in his office; and
- 12 (3) Return the [other duplicate original] copy, stamped  
13 "Filed", to the person who filed it or his representative.

b. Upon the filing of a certificate of amendment or an order or  
15 judgment of amendment in the office of the Secretary of State,  
the certificate of limited partnership shall be amended as set  
17 forth therein, and upon the effective date of either a certificate  
of cancellation or an order or judgment of cancellation, the  
19 certificate of limited partnership is canceled.

(cf: P.L. 1983, c. 489, s. 20)

21 10. Section 21 of P.L. 1983, c. 489 (C. 42:2A-22) is amended to  
read as follows:

23 21. Liability for false statement in certificate. If any  
certificate of limited partnership or certificate of amendment or  
25 cancellation contains a false statement, one who suffers loss by  
reliance on the statement may recover damages for the loss from:

27 a. Any person who executed the certificate, or caused another  
to execute it on his behalf, and knew, and any general partner  
29 who knew or should have known, the statement to be false at the  
time the certificate was executed; and

31 b. Any general partner who thereafter knows or should have  
known that any arrangement or other fact described in the  
33 certificate has changed, making the statement inaccurate in any  
respect, within a sufficient time before the statement was relied  
35 upon reasonably to have enabled that general partner to cancel or  
amend the certificate, or to file a complaint for its cancellation  
37 or amendment under section 19 of P.L. 1983, c. 489 (C. 42:2A-20).

(cf: P.L. 1983, c. 489, s. 21)

1       11. Section 22 of P.L. 1983, c. 489 (C. 42:2A-23) is amended to  
read as follows:

3       22. Notice. The fact that a certificate of limited partnership  
[or any amendment thereto] is on file in the office of the  
5       Secretary of State is notice that the partnership is a limited  
partnership [and the persons designated therein as limited  
7       partners are limited partners], but it is not notice of any other  
fact not set forth in the certificate or amendment thereto.

9       (cf: P.L. 1983, c. 489, s. 22)

11       12. Section 24 of P.L. 1983, c. 489 (C. 42:2A-25) is amended to  
read as follows:

13       24. Admission of additional limited partners. After the filing  
of a limited partnership's original certificate of limited  
15       partnership, a person may be admitted as an additional limited  
partner:

17       a. In the case of a person acquiring a partnership interest  
directly from the limited partnership, upon compliance with the  
19       partnership agreement or, if the partnership agreement does not  
so provide, upon the written consent of all partners; or

21       b. In the case of an assignee of a partnership interest of a  
partner who has the power, as provided in section 48 of P.L. 1983,  
23       c. 489 (C. 42:2A-49), to grant the assignee the right to become a  
limited partner, upon the exercise of that power and compliance  
with any conditions limiting the grant or exercise of the power.

25       [In each case under this section, the person acquiring the  
partnership interest becomes a limited partner only upon  
27       amendment of the certificate of limited partnership reflecting  
that fact.]

29       (cf: P.L. 1983, c. 489, s. 24)

31       13. Section 25 of P.L. 1983, c. 489 (C. 42:2A-26) is amended to  
read as follows:

33       25. Voting. a. Subject to section 26 of P.L. 1983, c. 489 (C.  
42:2A-27) the partnership agreement may grant to all or a  
35       specified group of the limited partners the right to vote, on a per  
capita or other basis, upon such matters as set forth in the  
partnership agreement.

37       b. This section shall not be construed so as to limit the right of  
a limited partner to vote on, or consent to, a specific partnership  
39       matter or action if this chapter gives the limited partner this

1 right and does not expressly permit this right to be restricted by  
2 a contrary provision in the partnership agreement.

3 (cf: P.L. 1983, c. 489, s. 25)

4 14. Section 26 of P.L. 1983, c. 489 (C. 42:2A-27) is amended to  
5 read as follows:

6 26. Liability to third parties. a. Except as provided in  
7 subsection d., a limited partner is not liable for the obligations of  
8 a limited partnership unless he is also a general partner or, in  
9 addition to the exercise of his rights and powers as a limited  
10 partner, he takes part in the control of the business. However, if  
11 the limited partner's participation in the control of the business  
12 is not substantially the same as the exercise of the powers of a  
13 general partner, he is liable only to persons who transact business  
14 with the limited partnership with actual knowledge of, and  
15 reliance on, his participation in control.

16 b. A limited partner does not participate in the control of the  
17 business within the meaning of subsection a. solely by doing one  
18 or more of the following:

19 (1) Being a contractor for or an agent or employee of the  
20 limited partnership or being a contractor, agent, employee,  
21 corporate officer, corporate director, or shareholder of a general  
22 partner;

23 (2) Consulting with [and] or advising a general partner with  
24 respect to any matter, including the business of the limited  
25 partnership;

26 (3) Acting as surety, guarantor, or endorser for the limited  
27 partnership or assuming one or more specific obligations of the  
28 limited partnership or providing collateral for the partnership;

29 (4) [Approving or disapproving an amendment to the  
30 partnership agreement;] Deleted by amendment (P.L. 19 , c.  
31 (C. ) (now pending before the Legislature as this bill).

32 (5) [Voting on one or more of the following matters:

33 (a) The dissolution and winding up of the limited partnership;

34 (b) The sale, exchange, lease, mortgage, pledge, or other  
35 transfer of all or substantially all the assets of the limited  
36 partnership other than in the ordinary course of its business;

37 (c) The incurrence of indebtedness by the limited partnership  
38 other than in the ordinary course of its business;

39 (d) A change in the nature of the business; or

1 (e) The removal of a general partner;] Deleted by amendment  
2 (P.L. 19 , c. (C. ) (now pending before the Legislature as  
3 this bill).

4 (6) Serving as an officer, director or shareholder of a  
5 corporate general partner; or

6 (7) Approving or disapproving matters related to the business  
7 of the partnership as shall be stated in the certificate and  
8 partnership agreement;

9 (8) Calling, requesting, attending or participating at a meeting  
10 of the partners or the limited partners;

11 (9) Winding up a limited partnership pursuant to section 52 of  
12 P.L. 1983, c. 489 (C. 42:2A-53);

13 (10) Taking any action required or permitted by law to bring or  
14 pursue a derivative action in the right of the limited partnership;

15 (11) Serving on a committee of the limited partnership or the  
16 limited partners;

17 (12) Proposing, approving or disapproving, by voting (by  
18 number, financial interest, class, group or as otherwise provided  
19 in the partnership agreement) or otherwise, on one or more of the  
20 following matters:

21 (a) The dissolution and winding up of the limited partnership;

22 (b) The sale, exchange, lease, mortgage, pledge, or other  
23 transfer of all or substantially all the assets of the limited  
24 partnership other than in the ordinary course of its business;

25 (c) The incurrence of indebtedness by the limited partnership  
26 other than in the ordinary course of its business;

27 (d) A change in the nature of the business;

28 (e) The admission, removal or retention of a partner;

29 (f) A transaction or other matter involving an actual or  
30 potential conflict of interest;

31 (g) An amendment to the partnership agreement or certificate  
32 of limited partnership; or

33 (13) Exercising any right or power granted or permitted to  
34 limited partners under this chapter and not specifically  
35 enumerated in this subsection.

36 c. The enumeration in subsection b. does not mean that the  
37 possession or exercise of any other powers by a limited partner  
38 constitutes participation by him in the business of the limited  
39 partnership.

1 d. A limited partner who knowingly permits his name to be  
used in the name of the limited partnership, except under  
3 circumstances permitted by subsection a. (2) of section 6 of P.L.  
1983, c. 489 (C. 42:2A-6), is liable to creditors who extend credit  
5 to the limited partnership without actual knowledge that the  
limited partner is not a general partner.

7 (cf: P.L. 1983, c. 489, s. 26).

9 15. Section 27 of P.L. 1983, c. 489 (C. 42:2A-28) is amended to  
read as follows:

27. Person erroneously believing himself a limited partner.

11 a. Except as provided in subsection b., a person who makes a  
contribution to a business enterprise and erroneously but in good  
13 faith believes that he has become a limited partner in the  
enterprise is not a general partner in the enterprise and is not  
15 bound by its obligations by reason of making the contribution,  
receiving distributions from the enterprise, or exercising any  
17 rights of a limited partner, if, on ascertaining [the mistake, he]  
that no certificate of limited partnership was ever filed with the  
19 Secretary of State or a certificate of limited partnership has  
been filed which names the person as a general partner in the  
21 enterprise he promptly:

(1) Causes an appropriate certificate of limited partnership,  
23 certificate of correction or a certificate of amendment to be  
executed and filed; or

25 (2) Withdraws from future equity participation in the  
enterprise by executing and filing in the office of the Secretary  
27 of State a certificate declaring withdrawal under this section.

b. A person who makes a contribution of the kind described in  
29 subsection a. is liable as a general partner to any third party who  
[transacts] transacted business with the enterprise if the third  
31 party actually believed in good faith that the person was a  
general partner at the time of the transaction and no certificate  
33 of limited partnership was ever filed or a certificate of limited  
partnership was filed which names the person as a general  
35 partner, and:

[(1) Before the person withdraws and an appropriate  
37 certificate is filed to show the withdrawal; or

(2) Before an appropriate certificate is filed to show his status  
39 as a limited partner and, in the case of an amendment, after

1 expiration of the 30-day period for filing an amendment relating  
2 to the person as a limited partner under section 16, but in either  
3 case only if the third party actually believed in good faith that  
4 the person was a general partner at the time of the transaction.]

5 (1) The business is transacted before an appropriate certificate  
6 of limited partnership is filed stating that the enterprise is a  
7 limited partnership and indicating in effect that the person is not  
8 a general partner;

9 (2) In the case of an amendment, it is after expiration of the  
10 30-day period for filing an amendment indicating in effect that  
11 the person is not a general partner under section 16 of P.L. 1983,  
12 c. 489 (C. 42:2A-17) and the amendment has not been filed;

13 (3) Before the person withdraws, and an appropriate  
14 certificate, as provided in section 27 of P.L. 1983, c. 489 (C.  
15 42:2A-28), is filed to show the withdrawal; or

16 (4) The business is transacted before an appropriate certificate  
17 of correction is filed indicating in effect that the person is not a  
18 general partner and the third party actually relied in good faith  
19 upon the foregoing inaccuracy and is adversely affected by the  
20 correction.

21 (cf: P.L. 1983, c. 489, s. 27)

22 16. Section 28 of P.L. 1983, c. 489 (C. 42:2A-29) is amended to  
23 read as follows:

24 28. Right to information. A limited partner has the right to:

25 a. Inspect and copy any of the partnership records required to  
26 be maintained by section 9 of P.L. 1983, c. 489 (C. 42:2A-9);

27 b. Obtain from the general partners from time to time upon  
28 reasonable demand true and full information regarding the state  
29 of the business and financial condition of the limited partnership;

30 c. Receive promptly after becoming available, a copy of the  
31 limited partnership's federal, State and local income tax returns  
32 for each year; and

33 d. Other information regarding the affairs of the limited  
34 partnership as is just and reasonable.

35 Upon the reasonable request of any partner, the records set  
36 forth in this section shall be subject to inspection and copying at  
37 a reasonable cost by any partner during ordinary business hours.

(cf: P.L. 1984, c. 245, s. 8)

1       17. Section 29 of P.L. 1983, c. 489 (C. 42:2A-30) is amended to  
read as follows:

3       29. Admission of additional general partners. After the filing  
of a limited partnership's original certificate of limited  
5       partnership, additional general partners may be admitted [only  
with the specific written consent of each partner] as provided for  
7       in the written partnership agreement but in no event by less than  
the written consent of all existing general partners and  
9       two-thirds in interest of the limited partners.

(cf: P.L. 1984, c. 245, s. 9)

11       18. Section 30 of P.L. 1983, c. 489 (C. 42:2A-31) is amended to  
read as follows:

13       30. Events of withdrawal of a general partner. Except as  
approved by the specific written consent of all partners at the  
15       time, a person ceases to be a general partner of a limited  
partnership upon the happening of any of the following events:

17       a. The general partner withdraws from the limited partnership  
as provided in section 39 of P.L. 1983, c. 489 (C. 42:2A-40);

19       b. The general partner ceases to be a member of the limited  
partnership as provided in section 46 of P.L. 1983, c. 489 (C.  
21       42:2A-47);

23       c. The general partner is removed as a general partner in  
accordance with the partnership agreement;

25       d. Unless otherwise provided in the certificate of limited  
partnership, the general partner: (1) makes an assignment for the  
benefit of creditors; (2) files a voluntary petition in bankruptcy;  
27       (3) is adjudicated a bankrupt or insolvent; (4) files a petition or  
answer seeking for himself any reorganization, arrangement,  
29       composition, readjustment, liquidation, dissolution or similar  
relief under any statute, law, or regulation; (5) files an answer or  
31       other pleading admitting or failing to contest the material  
allegations of a petition filed against him in any proceeding set  
33       forth in (4) above; or (6) seeks, consents to, or acquiesces in the  
appointment of a trustee, receiver, or liquidator of the general  
35       partner or of all or any substantial part of his properties;

37       e. Unless otherwise provided in the certificate of limited  
partnership, 120 days after the commencement of any proceeding  
against the general partner seeking reorganization, arrangement,  
39       composition, readjustment, liquidation, dissolution or similar

1 relief under any statute, law, or regulation, the proceeding has  
2 not been dismissed, or if within 90 days after the appointment  
3 without his consent or acquiescence of a trustee, receiver, or  
4 liquidator of the general partner or of all or any substantial part  
5 of his properties, the appointment is not vacated or stayed, or  
6 within 90 days after the expiration of any such stay, the  
7 appointment is not vacated;

8 f. In the case of a general partner who is a natural person his  
9 death or the entry by a court of competent jurisdiction of a  
10 judgment adjudicating him incompetent to manage his person or  
11 estate;

12 g. In the case of a general partner who is acting as a general  
13 partner by virtue of being a trustee of a trust, the termination of  
14 the trust (but not merely the substitution of new trustee);

15 h. In the case of a general partner that is a separate  
16 partnership, the dissolution and commencement of winding up of  
17 the separate partnership;

18 i. In the case of a general partner that is a corporation, the  
19 filing of a certificate of dissolution, or its equivalent, for the  
20 corporation or the revocation of its charter; or

21 j. In the case of an estate, the distribution by the fiduciary of  
22 the estate's entire interest in the partnership.

23 (cf: P.L. 1983, c. 489, s. 30)

24 19. Section 35 of P.L. 1983, c. 489 (C. 42:2A-36) is amended to  
25 read as follows:

26 35. Liability of partner for contribution. a. Except as  
27 provided in the certificate of limited partnership, a partner [or  
28 the personal representative of his estate] is obligated to the  
29 limited partnership to perform any promise to contribute cash or  
30 property or to perform services and this obligation shall not be  
31 affected by his ability to perform because of his death or his  
32 disability or any other reason. If a partner does not make the  
33 [required] promised contribution of property or services, he [or  
34 the personal representative of] or, if he is deceased, his estate is  
35 obligated at the option of the limited partnership to contribute  
36 cash equal to that portion of the value, as stated in the  
37 [certificate of] limited partnership agreement, of the stated  
38 contribution that has not been made.

39 b. Unless otherwise provided in the partnership agreement,

1 the obligation of a partner to make a contribution or return  
money or other property paid or distributed in violation of this  
3 chapter may be compromised only by consent of all the partners.  
Notwithstanding the compromise, a creditor of a limited  
5 partnership who extends credit, or whose claim arises, after the  
filing of the certificate of limited partnership or an amendment  
7 thereto which, in either case, reflects the obligation, and before  
the amendment or cancellation thereof to reflect the  
9 compromise, may enforce the original obligation.

(cf: P.L. 1983, c. 489, s. 35)

11 20. Section 36 of P.L. 1983, c. 489 (C. 42:2A-37) is amended to  
read as follows:

13 36. Sharing of profits and losses. The profits and losses of a  
limited partnership shall be allocated among the partners, and  
15 among classes of partners, in the manner provided in the  
partnership agreement. If the partnership agreement does not so  
17 provide, profits and losses shall be allocated on the basis of the  
value (as stated in the [certificate of] limited partnership  
19 agreement) of the contributions made by each partner to the  
extent they have been received by the partnership and have not  
21 been returned.

(cf: P.L. 1983, c. 489, s. 36)

23 21. Section 37 of P.L. 1983, c. 489 (C. 42:2A-38) is amended to  
read as follows:

25 37. Sharing of distributions. Distributions of cash or other  
assets of a limited partnership shall be allocated among the  
27 partners, and among classes of partners, in the manner provided  
in the partnership agreement. If the partnership agreement does  
29 not so provide, distributions shall be made on the basis of the  
value (as stated in the [certificate of] limited partnership  
31 agreement) of the contributions made by each partner to the  
extent they have been received by the partnership and have not  
33 been returned.

(cf: P.L. 1983, c. 489, s. 37)

35 22. Section 40 of P.L. 1983, c. 489 (C. 42:2A-41) is amended to  
read as follows:

37 40. Withdrawal of limited partner. A limited partner may  
withdraw from a limited partnership at the time or upon the  
39 happening of events specified in the certificate of limited

1 partnership and in accordance with the partnership agreement. If  
the certificate does not specify the time or the events upon the  
3 happening of which a limited partner may withdraw or a definite  
time for the dissolution and winding up of the limited partnership,  
5 a limited partner may withdraw upon not less than six months'  
prior written notice to each general partner at [his] the address  
7 [on the books of the limited partnership at its office in this State]  
set forth in the certificate of limited partnership.

9 (cf: P.L. 1983, c. 489, s. 40)

23. Section 45 of P.L. 1983, c. 489 (C. 42:2A-46) is amended to  
11 read as follows:

45. Liability upon return of contribution. a. If a limited  
13 partner has received the return of any part of his contribution  
without violation of the partnership agreement or this chapter, he  
15 is liable to the limited partnership for a period of one year  
thereafter for the amount fo the returned contribution, but only  
17 to the extent necessary to discharge the limited partnership's  
liabilities to creditors who extended credit to the limited  
19 partnership during the period the contribution was held by the  
partnership.

21 b. If a limited partner has received the return of any part of  
his contribution in violation of the partnership agreement or this  
23 chapter, he is liable to the limited partnership for a period of six  
years thereafter for the amount of the contribution wrongfully  
25 returned.

c. If a general partner has received the return of any part of  
27 his contribution without violation of the partnership agreement or  
this chapter, he is liable, until the termination of the applicable  
29 statute of limitations, to the limited partnership for the amount  
of the returned contribution, but only to the extent necessary to  
31 discharge the limited partnership's liabilities to creditors who  
extended credit to the limited partnership during the period the  
33 contribution was held by the partnership.

d. If a general partner has received the return of any part of  
35 his contribution in violation of the partnership agreement or this  
chapter, he is liable, until the termination of the applicable  
37 statute of limitations, to the limited partnership for the amount  
of the contribution wrongfully returned.

39 e. [A general or limited partner receives a return of his

1 contribution to the extent that a distribution to him reduces his  
share of the fair value of the net assets of the limited partnership  
3 below the value (as set forth in the certificate of limited  
partnership) of his contribution which has not been distributed to  
5 him] A partner receives a return of his contribution to the extent  
that a distribution causes the partner's share of the fair value of  
7 the net assets of the partnership to be less than the value,  
determined at the time of, but without giving effect to the  
9 distribution, of the balance of the partner's aggregate  
contributions to the partnership which, as of that date, had not  
11 been returned to him, which determination shall be made on the  
basis of the partnership records required to be maintained  
13 pursuant to section 9 of P.L. 1983, c. 489 (42:2A-9).

(cf: P.L. 1983, c. 489, s. 45)

15 24. Section 46 of P.L. 1983, c. 489 (C. 42:2A-47) is amended to  
read as follows:

17 46. Assignment of partnership interest; rights of assignee.  
Except as provided in the partnership agreement, a partnership  
19 interest is assignable in whole or in part. An assignment of a  
partnership interest does not dissolve a limited partnership or  
21 entitle the assignee to become or to exercise any rights of a  
partner. An assignment entitles the assignee to receive, to the  
23 extent assigned, only the distribution to which the assignor would  
be entitled. Except as provided in the partnership agreement, a  
25 partner ceases to be a partner upon assignment of all his  
partnership interest. Notwithstanding the foregoing, a general  
27 partner who assigns all of his general partnership interest shall  
cease to be a general partner only upon the filing of a certificate  
29 reflecting that fact in accordance with this chapter.

(cf: P.L. 1983, c. 489, s. 46)

31 25. Section 48 of P.L. 1983, c. 489 (C. 42:2A-49) is amended to  
read as follows:

33 48. Right of assignee to become limited partner; rights,  
restrictions and liabilities. a. An assignee of a partnership  
35 interest, including an assignee of a general partner, may become  
a limited partner if and to the extent that the assignor gives the  
37 assignee that right in accordance with authority described in the  
certificate of limited partnership or all [other] general partners  
39 and two-thirds in interest of the limited partners consent.

1       b. An assignee who has become a limited partner has, to the  
2 extent assigned, the rights and powers, and is subject to the  
3 restrictions and liabilities, of a limited partner under the  
4 partnership agreement and this chapter. An assignee who  
5 becomes a limited partner also is liable for the obligations of his  
6 assignor [to make and return contributions as provided in article  
7 6]. However, the assignee is not obligated for liabilities unknown  
8 to the assignee at the time he became a limited partner and  
9 which could not be ascertained from the certificate or agreement  
10 of limited partnership.

11       c. If an assignee of a partnership interest becomes a limited  
12 partner, the assignor is not released from his liability to the  
13 limited partnership under sections 21 and 35 of P.L. 1983, c. 489  
14 (C.42:2A-22 and 42:2A-36).

15 (cf: P.L. 1983, c. 489, s. 48)

16       26. Section 50 of P.L. 1983, c. 489 (C. 42:2A-51) is amended to  
17 read as follows:

18       50. Dissolution. A limited partnership is dissolved and its  
19 affairs shall be wound up upon the happening of any of the  
20 following:

21       a. At the time fixed in or upon the happening of events  
22 specified in the certificate of limited partnership;

23       b. The written consent of all partners;

24       c. An event of withdrawal of a general partner unless at the  
25 time there is at least one other general partner and the  
26 certificate of limited partnership permits the business of the  
27 limited partnership to be carried on by the remaining general  
28 partner or partners and that partner or partners do so, but the  
29 limited partnership is not dissolved and is not required to be  
30 wound up by reason of any event of withdrawal, if, within 90 days  
31 or shorter period as may be provided in the partnership  
32 agreement after the withdrawal, all of the remaining general  
33 partners and all or such lesser number as may be provided in the  
34 partnership agreement, but not less than two-thirds in interest,  
35 of the remaining limited partners agree in writing to continue the  
36 business of the limited partnership and to the appointment of one  
37 or more additional general partners if necessary or desired;

38       d. The entry of an order or judgment of dissolution under  
39 section 51 of P.L. 1983, c. 489 (C. 42:2A-52).

(cf: P.L. 1983, c. 489, s. 50)

1       27. Section 56 of P.L. 1983, c. 489 (C. 42:2A-57) if amended  
to read as follows:

3       56. Application for certificate of authority to transact  
business. Before transacting business in this State, a foreign  
5       limited partnership shall file in the office of the Secretary of  
State an application [signed and sworn to] executed by a general  
7       partner setting forth:

9       a. The name of the foreign limited partnership and, if  
different, the name under which it proposes to transact business  
in this State;

11       b. The name and business address of each general partner;

13       c. The amount of cash and a description and statement of the  
agreed value of the other property or services contributed by all  
partners and which all partners have agreed to contribute in the  
15       future;

17       d. The state and date of its formation;

19       e. The general character of the business it proposes to  
transact in this State;

21       f. The name and address, including the actual location as well  
as the postal designation, if different, of the agent for service of  
process on the foreign limited partnership whom the foreign  
limited partnership designates who must be an individual resident  
23       of this State, a domestic corporation, or a foreign corporation  
having a place of business in, and authorized to do business in,  
25       this State;

27       g. A statement that the Secretary of State is appointed the  
agent of the foreign limited partnership for service of process if  
[no agent has been appointed under subsection d. or, if appointed,  
29       the agent's authority has been revoked or if] the agent cannot be  
found or served with the exercise of reasonable diligence; and

31       h. The address of the office required to be maintained in the  
state of its organization by the laws of that state or if not so  
33       required, of the principal office of the foreign limited partnership.

35       i. If the Secretary of State finds that the application conforms  
to law and the requisite fees have been paid, he shall issue to the  
foreign limited partnership a certificate of authority to transact  
37       business in this State.

(cf: P.L. 1984, c. 245, s. 10)

1       28. Section 57 of P.L. 1983, c. 489 (C. 42:2A-58) is amended to  
read as follows:

3       57. Changes in and amendments to application for certificate.  
If any statement in the application of a foreign limited  
5       partnership for a certificate of authority to transact business in  
this State was false when made or any arrangements or other  
7       facts described have changed, making the application inaccurate  
in any respect, the foreign limited partnership shall promptly file  
9       in the office of the Secretary of State a certificate, [signed and  
sworn to] executed by a general partner, correcting the  
11       statement.

(cf: P.L. 1983, c. 489, s. 57)

13       29. Section 58 of P.L. 1983, c. 489 (C. 42:2A-59) is amended to  
read as follows:

15       58. Cancellation of certificate of authority to do business in  
the State. A foreign limited partnership may cancel its  
17       certificate of authority to transact business in this State by filing  
with the Secretary of State a certificate of cancellation [signed  
19       and sworn to] executed by a general partner. A cancellation does  
not terminate the authority of the Secretary of State to accept  
21       service of process on the foreign limited partnership with respect  
to claims arising out of the [transaction] transactions of business  
23       in this State. The Secretary of State shall cancel the certificate  
of authority of a foreign limited partnership when the certificate  
25       in the state of organization of the foreign limited partnership is  
cancelled and the Secretary of State receives notice thereof.

27       (cf: P.L. 1983, c. 489, s. 58)

29       30. Section 59 of P.L. 1983, c. 489 (C. 42:2A-60) is amended to  
read as follows:

31       59. Transacting business without certificate of authority. a.  
A foreign limited partnership transacting business in this State  
may not maintain an action in any court of this State until it has  
33       obtained a certificate of authority to transact business in this  
State.

35       b. The failure of a foreign limited partnership to obtain a  
certificate of authority to transact business in this State does not  
37       impair the validity of any contract or act of the foreign limited  
partnership or prevent the foreign limited partnership from  
39       defending an action in any court of this State.

1 c. A limited partner of a foreign limited partnership is not  
2 liable as a general partner of the foreign limited partnership  
3 solely by reason of the foreign limited partnership having  
4 transacted business in this State without having obtained a  
5 certificate of authority to transact business; provided that, on  
6 ascertaining that no certificate of authority to transact business  
7 in this State exists, he promptly:

8 (1) Causes an appropriate certificate of authority to transact  
9 business in this State to be executed and filed; or

10 (2) Withdraws from future equity participation in the  
11 enterprise pursuant to the laws of the state in which the limited  
12 partnership was formed.

13 d. A foreign limited partnership, by transacting business in this  
14 State without having obtained a certificate of authority to  
15 transact business, appoints the Secretary of State as its agent for  
16 service of process with respect to claims arising out of the  
17 transaction of business in this State.

18 e. A foreign limited partnership which transacts business in  
19 this State without a certificate of authority to transact business  
20 shall forfeit to the State a penalty of not less than \$200.00, nor  
21 more than \$1,000.00 for each calendar year, or part thereof, not  
22 more than 5 years prior thereto, in which it shall have transacted  
23 business in this State without the certificate. The penalty shall  
24 be recovered with costs in an action prosecuted by the Attorney  
25 General. The court may proceed in the action in a summary  
26 manner or otherwise.

27 (cf: P.L. 1983, c. 489, s. 59)

28 31. Section 61 of P.L. 1983, c. 489 (C. 42:2A-62) is amended to  
29 read as follows:

30 61. Right of action. A limited partner may bring an action in  
31 the right of a limited partnership to recover a judgment in its  
32 favor against one or more general partners, former general  
33 partners, limited partners, or third parties, if general partners  
34 with authority to do so have refused to bring the action or if an  
35 effort to cause those general partners to bring the action is not  
36 likely to succeed.

37 (cf: P.L. 1983, c. 489, s. 61)

38 32. Section 62 of P.L. 1983, c. 489 (C. 42:2A-63) is amended to  
39 read as follows:

1       62. Proper plaintiff. In order to bring a derivative action [by],  
2       the a limited partner[, he] shall be a limited partner at the time  
3       of bringing the action and either

4       a. [have] Have been a limited partner at the time of the  
5       transaction of which he complains; or

6       b. Have had the [his] status as a limited partner [had] devolved  
7       upon him by operation of law or pursuant to the terms of the  
8       partnership agreement from a person who was a partner at the  
9       time of the transaction.

(cf: P.L. 1983, c. 489, s. 62)

11       33. Section 63 of P.L. 1983, c. 489 (C. 42:2A-64) is amended to  
12       read as follows:

13       63. Pleading. In a derivative action, the complaint shall set  
14       forth with particularity the effort of the plaintiff to secure  
15       initiation of the action by a general partner or the reasons for not  
16       making [the effort] demand upon a general partner.

17       (cf: P.L. 1983, c. 489, s. 63)

18       34. Section 63.1 of P.L. 1983, c. 489 (C. 42:2A-65) is amended  
19       to read as follows:

20       63.1 Security for expenses. Unless the plaintiff's or  
21       plaintiffs' contributions [of or allocable to plaintiff or plaintiffs]  
22       to the partnership [property] or the plaintiff's or  
23       plaintiffs' allocable share of partnership property amount to 5%  
24       or more of the contributions of or allocations to partnership  
25       property of all limited partners, in their status as limited  
26       partners, or unless the contributions of or the share allocable to  
27       the plaintiff or plaintiffs have a fair value in excess of  
28       twenty-five thousand dollars, the limited partnership in whose  
29       right such action is brought shall be entitled at any stage of the  
30       proceedings before final judgment to require the plaintiff or  
31       plaintiffs to give security for the reasonable expenses, including  
32       attorney's fees, which may be incurred by [it] the limited  
33       partnership in connection with the action. The amount of this  
34       security shall be determined by the court.

35       (cf: P.L. 1983, c. 489, s. 63.1)

36       35. Section 64 of P.L. 1983, c. 489 (C. 42:2A-66) is amended to  
37       read as follows:

38       64. Expenses. If a derivative action is successful, in whole or  
39       in part, or if anything is received by the [plaintiff] limited

1 partnership as a result of a judgment, compromise or settlement  
of an action, the court may award the plaintiff reasonable  
3 expenses, including reasonable attorney's fees [, and shall direct  
him to remit to the limited partnership the remainder of the  
5 proceeds received by him].

(cf: P.L. 1983, c. 489, s. 64)

7 36. Section 64.1 of P.L. 1983, c. 489 (C. 42:2A-67) is amended  
to read as follows:

9 64.1 Indemnification of general partner. a. A domestic  
limited partnership may indemnify any general partner made a  
11 party to an action in the right of a limited partnership to procure  
a judgment in its favor by reason of his being or having been a  
13 general partner in the limited partnership, against the reasonable  
expenses, including attorney's fees, actually and necessarily  
15 incurred by him in connection with the defense of the action, or  
in connection with an appeal therein if the general partner acted  
17 in good faith and in a manner the general partner reasonably  
believed to be in or not opposed to the best interests of the  
19 limited partnership. However, in the proceedings no  
indemnification shall be provided in respect of any claim, issue or  
21 matter as to which the general partner shall have been adjudged  
to be liable for [the] negligence or misconduct, unless and only to  
23 the extent that the Superior Court or the court in which the  
proceeding was brought shall determine upon application that  
25 despite the adjudication of liability, but in view of all  
circumstances of the case, the general partner is fairly and  
27 reasonably entitled to indemnity for the expenses as the Superior  
Court or any other court shall deem proper.

29 b. The indemnification authorized under subsection a. of this  
section shall in no case include [:

31 (1) Amounts] amounts paid in settling or otherwise disposing of  
a threatened action, or pending action with or without court  
33 approval [; or

(2) Expenses incurred in defending a threatened action, or  
35 pending action which is settled or otherwise disposed of without  
court approval]. The indemnification authorized under this  
37 section may include expenses incurred in a threatened action, or  
pending action which is settled or otherwise disposed of without  
39 court approval, provided there is a determination upon

1	c. Filing original certificate of limited partnership . . . . .	\$100.00
3	d. Filing a certificate of amendment to the certificate of limited partnership, including	
5	any number of amendments . . . . .	\$ 50.00
	e. Filing certificate of cancellation . . .	\$ 50.00
7	f. Filing order or judgment amending certificate of limited partnership or cancellation . . .	\$ 50.00
9	g. Filing application by a foreign limited partnership to transact business in this State	
11	and issuing a certificate of authority . . .	\$100.00
13	h. Filing application by a foreign limited partnership for amended certificate to	
15	transact business in this State and issuing an amended certificate of authority . . . . .	\$ 50.00
	i. Filing annual report . . . . .	\$ 20.00
17	j. Filing a certificate or registration of an alternate name . . . . .	\$ 50.00
19	k. Filing a renewal of registration of alternate name . . . . .	\$ 50.00
21	l. Limited partnership status reports--per name . . . . .	\$ 5.00
23	m. Filing a change of agent or office, or both	\$ 10.00
25	<u>n. All other certificates issued or papers filed but not otherwise provided for . . . . .</u>	<u>\$ 15.00</u>
	<u>1o. Issuing a standing certificate . . . . .</u>	<u>\$ 25.00</u>
27	<u>p. Issuing a certificate or providing name availability up to three names . . . . .</u>	<u>\$ 25.00</u>
29	<u>q. Filing a certificate of correction . . .</u>	<u>\$50.00<sup>1</sup></u>

(cf: P.L. 1987, c. 435, s. 14)

31 <sup>1</sup>37.1. Section 66 of P.L. 1983, c. 489 (C. 42:2A-69) is amended to read as follows:

33 42:2A-69. Annual report to Secretary of State by domestic limited partnership. a. Every domestic limited partnership  
 35 authorized in this State shall file in the Office of the Secretary of State, within the time prescribed by this section, an annual  
 37 report, executed on behalf of the limited partnership or executed by the registered agent setting forth:

39 1. The name of the limited partnership;

1 application to the Superior Court that in view of all  
2 circumstances of the case, the general partner is fairly and  
3 reasonably entitled to indemnity for the expenses as the Superior  
4 Court shall deem proper.

5 c. No indemnification shall be made under this section in any  
6 circumstances where it appears that indemnification would be  
7 inconsistent with a provision of the certificate of limited  
8 partnership, partnership agreement or other proper partnership  
9 action[,] in effect at the time of accrual of the alleged cause of  
10 action asserted in the threatened or pending action in which the  
11 expenses were incurred or other amounts were paid, which  
12 prohibits or otherwise limits indemnification.

13 d. This section is not intended to prevent indemnification of a  
14 general partner [for expenses and liability in connection with any  
15 proceeding, other than an action in the right of the limited  
16 partnership, against a general partner, by reason of his being or  
17 having been a general partner in the limited partnership] as  
18 provided for under the limited partnership agreement or as  
19 approved by the Superior Court or the court in which [the] a  
20 proceeding [was] is brought, for expenses and liability in  
21 connection with any proceeding, other than an action in the right  
22 of the limited partnership by reason of his being or having been a  
23 general partner in the limited partnership.

(cf: P.L. 1984, c. 245, s. 11)

25 37. Section 65 of P.L. 1983, c. 489 (C. 42:2A-68) is amended to  
26 read as follows:

27 65. Filing fees of the Secretary of State. On filing any  
28 certificate or other papers relative to limited partnerships in the  
29 office of the Secretary of State, there shall be paid to the  
30 Secretary of State, filing fees, in addition to any applicable  
31 recording fees:

- 32 a. Filing an application to reserve a specified
- 33 limited partnership name and issuing a
- 34 certificate of reservation . . . . . \$ 50.00
- 35 If application is for the first name available
- 36 for limited partnership use among not more
- 37 than three specified names . . . . . \$ 50.00
- 38 b. Filing a notice of transfer of a reserved
- 39 limited partnership name . . . . . \$ 50.00

- 1       2. The address, including the actual location as well as the  
2       postal designation, if different, of the registered agent in this  
3       State; and
- 4       3. The name of the registered agent.
- 5       b. The Secretary of State shall designate a date of filing  
6       annual reports for each limited partnership required to submit a  
7       report pursuant to this section.
- 8       c. If the report is not filed for two consecutive years, the  
9       certificate of limited partnership shall, after written demand for  
10      the reports by the Secretary of State by mail addressed to the  
11      limited partnership at the last address appearing of record in the  
12      office of the Secretary of State remain filed but be transferred  
13      to an inactive list. A limited partnership shall not have its  
14      certificate of limited partnership transferred to the inactive list  
15      if it shall, within 60 days after the written demand, file the  
16      reports required by law and pay to the Secretary of State the fee  
17      provided by law for the filing of each report.
- 18      d. Any domestic limited partnership on the inactive list may  
19      return to active status by:
- 20          1. Paying to the Secretary of State double the amount of the  
21          current report fee for each year an annual report was not filed.  
22          Years prior to becoming inactive and years subsequent to being  
23          declared inactive shall be included in calculating this fee;
- 24          2. Filing a current annual report; and
- 25          3. Submitting a certificate of amendment adopting a name  
26          which complies with paragraph (4) of subsection a. of section 6 of  
27          this chapter, if the name of the inactive limited partnership does  
28          not comply with paragraph (4) of subsection a. of section 6.
- 29      e. A limited partnership whose certificate has been  
30      transferred to the inactive list shall remain a limited partnership  
31      formed under this chapter or under R.S. 42:2-1 et seq., but no  
32      name reservations, transfers of reserved names, or certificates of  
33      amendment may be filed until the limited partnership whose  
34      certificate has been placed on the inactive list regains active  
35      status. A limited partner of a limited partnership is not liable as  
36      a general partner of the limited partnership solely by reason of  
37      the transfer of the certificate of limited partnership to the  
38      inactive list.
- 39      f. The Secretary of State shall furnish annual report forms,

1 shall keep all the reports and shall prepare an index thereof. The  
reports shall be open to public inspection at proper hours.

3 (cf. P.L. 983, c. 489, s. 66)<sup>1</sup>

38. R.S. 42:3-1 is amended to read as follows:

5 42:3-1. [Any three or more persons may form a partnership  
association, hereinafter designated as a limited partnership  
7 association, for the purpose of conducting any lawful business or  
occupation within the United States or elsewhere, by subscribing  
9 and contributing capital thereto, either in money or in real or  
personal property, mines or other property, at a valuation to be  
11 approved by all the members subscribing to the capital of such  
association, which capital shall alone be liable for the debts of  
13 such association.] The principal place of business of an  
association formed under authority of [this article] R.S. 42:3-1 et  
15 seq. shall be established and maintained within this state. After  
the effective date of P.L. 19 , c. (C. ) (now pending before  
17 the Legislature as this bill) no new limited partnership  
associations shall be formed pursuant to the provisions of R.S.  
19 42:3-1 et seq.

(cf: R.S. 42:3-1)

21 39. R.S. 42:3-2 is amended to read as follows:

23 42:3-2. The persons desiring to [form an association of the  
kind described in section 42:3-1 of this title] amend the  
statement of the Association shall

25 a. Sign and acknowledge before some officer competent to  
take acknowledgment of deeds, a statement in writing which shall  
27 set forth:

I. The full names of such persons;

29 II. The amount of capital of the association subscribed for by  
each;

31 III. The character of the subscription, and if in property other  
than cash, the description and valuation of such property;

33 IV. The total amount of capital and when and how to be paid;

35 V. The character of the business to be conducted and the  
location of the same;

37 VI. The name of the association with the word "limited" added  
thereto as part of same;

39 VII. The contemplated duration of the association, which shall  
not, in any case, exceed twenty years; and

1 VIII. The names of the officers of the association selected in  
conformity with the provisions of this article.

3 b. The amended statement shall be recorded in the office of  
the clerk of the county in which the principal place of business of  
5 the association shall be located.

7 c. [Any amendment of the statement shall be made and  
recorded only in like manner.] Deleted by amendment (P.L. 19 ,  
c. (C. ) (now pending before the Legislature as this bill).  
9 (cf: R.S. 42:3-2)

11 40. (New section) Change of registered office or agent. a. A  
domestic limited partnership or a foreign limited partnership  
authorized to do business in this State may change its registered  
13 office or its registered agent or both. When the registered office  
is changed, or when the registered agent is changed, or dies,  
15 resigns, is removed, or becomes disqualified, the general partner  
or partners, unless otherwise provided in the partnership  
17 agreement, shall, as provided in the following subsection,  
establish the address of the new registered office, or designate  
19 the successor agent, or both, as the case may be.

21 b. The limited partnership shall file in the office of the  
Secretary of State a certificate executed by the general partner  
or partners on behalf of the limited partnership setting forth:

23 (1) The name of the limited partnership;

25 (2) The name of the registered agent if the registered agent is  
being changed, then the name of the registered agent being  
succeeded and the successor registered agent;

27 (3) The address of the registered office if the registered office  
is being changed, then the address of the registered office  
29 immediately prior to the change, and the address including the  
actual location as well as the postal designation, if different, of  
31 the new registered office;

33 (4) A statement that the address of the registered office and  
the address of its registered agent will be identical after the  
change or changes; and

35 (5) That the change or changes set forth in the certificate is or  
are made by the general partner or partners on behalf of the  
37 limited partnership, unless the partnership agreement otherwise  
provides, in which case the certificate shall set forth briefly the  
39 authority pursuant to which the change is being made.

1       The change of the registered office and registered agent or  
3       either named in the certificate shall become effective upon the  
      filing date of or at such later time, not to exceed 30 days after  
      the date of filing, as may be set forth in the certificate.

5       41. (New section) Resignation of registered agent. a. The  
      registered agent of a domestic limited partnership or a foreign  
7       limited partnership authorized to transact business in this State  
      may resign by complying with the provisions of this section.

9       b. The registered agent, or, in the case of a registered agent  
      who is deceased or has been declared incompetent by a court of  
11       competent jurisdiction, his legal representative, shall serve a  
      notice of resignation by certified mail, return receipt requested,  
13       upon a general partner or general partners of the limited  
      partnership at the address last known to the agent, and shall  
15       make an affidavit of such service. If service cannot be made, the  
      affidavit shall so state, and shall state briefly why service cannot  
17       be made. The affidavit, together with a copy of notice of  
      resignation, shall be filed in the Office of the Secretary of State.

19       c. The resignation shall become effective 30 days after the  
      filing in the office of the Secretary of State of the affidavit of  
21       service or upon the designation by the limited partnership of a  
      new registered agent pursuant to this act, whichever is earlier. If  
23       the limited partnership fails to designate a new registered agent  
      within the 30 day period, the limited partnership shall thereafter  
25       be deemed to have no registered agent or registered office in this  
      State, until the limited partnership files a certificate of change  
27       of address of registered office and registered agent indicating the  
      new registered office and registered agent.

29       <sup>1</sup>d. If any certificate of change replacing a resigned agent is  
31       not filed, the limited partnership shall, after written demand  
      therefor by the Secretary of State, forfeit to the State a penalty  
33       of \$200.00 for each year or part thereof until an agent is  
      appointed. The Secretary of State may issue a certificate to the  
35       Clerk of the Superior Court that the limited partnership is  
      indebted for the payment of this penalty. This certificate shall  
37       be entered by the Clerk as a judgment docketed in the Superior  
      Court, and shall have the same form as a docketed judgment.<sup>1</sup>

1       42. (New section) Notice of Limited Partners' Meetings. a.  
3       Except as provided in the partnership agreement, written notice  
5       of the time, place and purpose or purposes of every meeting of  
7       limited partners shall be given not less than 10 days nor more  
9       than 60 days before the date of the meeting, either personally or  
11       by mail, to each limited partner of record entitled to vote at the  
13       meeting. In no case, however, may the partnership agreement  
15       provide for less than 10 days notice.

17       b. When a meeting is adjourned to another time and place, it  
19       shall not be necessary, unless the partnership agreement  
21       otherwise provides, to give notice of the adjourned meeting if the  
23       time and place to which the meeting is adjourned are announced  
25       at the meeting at which the adjournment is taken and at the  
27       adjourned meeting only such business is transacted as might have  
29       been transacted at the original meeting. However, if after the  
31       adjournment the general partner fixes a new record date for the  
33       adjourned meeting, a notice of the adjourned meeting shall be  
35       given to each limited partner of record entitled to notice under  
37       subsection a. hereof on the new record date.

39       43. (New section) Waiver of Notice of Lapse of Time. a.  
41       Except as provided in the partnership agreement, notice of a  
43       meeting need not be given to any limited partner who signs a  
45       waiver of notice, in person or by an attorney-in-fact, whether  
47       before or after the meeting. The attendance of any limited  
49       partner at a meeting, in person or by an attorney-in-fact,  
51       without protesting prior to the conclusion of the meeting the lack  
53       of notice of the meeting, shall constitute a waiver of notice by  
55       him.

57       b. Except as provided in the partnership agreement, whenever  
59       limited partners are authorized to take any action after the lapse  
61       of prescribed period of time, the action may be taken without the  
63       lapse if the requirement is waived in writing in person or by an  
65       attorney-in-fact, before or after the taking of the action, by  
67       every limited partner entitled to vote thereon as at the date of  
69       the taking of such action.

71       44. (New section) Action by Limited Partners. Except as  
73       otherwise provided in the partnership agreement, any action  
75       required or permitted to be taken by limited partners may be  
77       taken:  
79

1 a. At a meeting with notice thereof given as provided in  
section , of P.L. 19 , c. (C. )(now pending before the  
3 Legislature as this bill) by that portion of limited partners whose  
votes are necessary to take such action; or

5 b. Without a meeting, upon the written consent of, that  
portion of limited partners whose votes are necessary to take  
7 such action. When action is taken without a meeting, however,  
all limited partners shall receive a written report of all actions  
9 taken.

45. (New section) Fixing Record Date. a. Except as otherwise  
11 provided in the partnership agreement, the general partner may  
fix, in advance, a date as the record date for determining the  
13 partnership's limited partners with regard to any partnership  
action or event and, in particular, for determining the limited  
15 partners entitled to:

- (1) Be notified of or vote at any meeting of the partners or any  
17 adjournment thereof;
- (2) Consent in writing to any action without a meeting; or
- 19 (3) Receive payment of any distribution or allotment of any  
right.

21 The record date may in no case be less than 5 days nor more  
than 60 days prior to the meeting of partners or other partnership  
23 action or event to which it relates. The record date to determine  
limited partners entitled to give a written consent may not be  
25 more than 60 days before the date fixed for tabulation of the  
consents or, if no date has been fixed for tabulation, more than  
27 60 days before the last day on which consents received may be  
counted.

29 b. If no record date is fixed:

(1) The record date for determining limited partners for  
31 purposes of a meeting of partners shall be the close of business on  
the day next preceding the date on which notice is given, or, if no  
33 notice is given, the day next preceding the day on which the  
meeting is held; and

35 (2) The record date for determining limited partners for any  
purpose other than specified in paragraph (1) of this subsection  
37 shall be at the close of business on the day on which the action  
relating thereto is adopted.

39 c. When a determination of limited partners of record for a

1 meeting of partners has been made as provided in this section,  
the determination shall apply to any adjournment thereof, unless  
3 the general partner fixes a new record date under this section for  
the adjourned meeting.

5 d. For the purposes of this section, a limited partner of record  
shall, in addition to meeting all other requirements of this  
7 section, have fulfilled all conditions described in the partnership  
agreement and by applicable law relative to attaining limited  
9 partner status.

46. (New section) Limited Partnership Interests Held Jointly  
11 or as Tenants in Common. Limited partnership interests held by  
two or more persons as joint tenants or tenants in common may  
13 be voted at any meeting of limited partners by any one of such  
persons, unless another joint tenant or tenant in common seeks to  
15 vote any of such interest in the limited partnership in person or  
by an attorney-in-fact. In the latter event, the written  
17 agreement, if any, which governs the manner in which such  
limited partnership interests shall be voted, shall control if  
19 presented at the meeting. If no such agreement is presented at  
the meeting, then, for the purposes of voting, the interest in the  
21 limited partnership shall be divided equally among such joint  
tenants or tenants in common present.

23 47. (New section) One Person as Both General and Limited  
Partner. a. A person may be general partner and a limited  
25 partner in the same partnership at the same time.

b. A person who is a general, and also at the same time a  
27 limited partner, shall have all the rights and powers and be  
subject to all the restrictions of a general partner; except that, in  
29 respect to his contribution as a limited partner, he shall have the  
rights against the other partners which he would have had if he  
31 were not also a general partner.

48. (New section) Certificate of Correction. If any  
33 instrument filed with the Secretary of State under any provision  
of this act is an inaccurate record of the limited partnership  
35 action therein referred to, or was defectively or erroneously  
executed, the instrument may be corrected by filing with the  
37 Secretary of State a certificate of correction executed by a  
general partner. The certificate of correction shall specify the  
39 inaccuracy or defect to be corrected and shall set forth the

1 correction. The instrument so corrected shall be deemed to have  
2 been effective in its corrected form as of its original filing date  
3 except as to persons who actually relied in good faith upon the  
4 inaccurate portion of the certificate and who are adversely  
5 affected by the correction. As to these persons, the correction  
6 shall be effective as of the effective date of filing of the  
7 certificate of correction. Such filing shall only be made if the  
8 Secretary of State consents to the filing.

9 49. The following are repealed:

R.S. 42:2-1 through R.S. 42:2-20 inclusive;

11 Section 55 of P.L. 1983, c. 489 (C. 42:2A-56).

12 50. There is hereby appropriated, from the General Fund,  
13 \$45,000.00 to the Department of State to carry out the provisions  
14 of this act.

15 51. This act shall take effect immediately.

17

#### CIVIL JUSTICE

19

#### Corporations

21 Amends and supplements the limited partnership law.

1 correction. The instrument so corrected shall be deemed to have  
2 been effective in its corrected form as of its original filing date  
3 except as to persons who actually relied in good faith upon the  
4 inaccurate portion of the certificate and who are adversely  
5 affected by the correction. As to these persons, the correction  
6 shall be effective as of the effective date of filing of the  
7 certificate of correction. Such filing shall only be made if the  
8 Secretary of State consents to the filing.

9 49. The following are repealed:

R.S. 42:2-1 through R.S. 42:2-20 inclusive;

11 Section 55 of P.L. 1983, c. 489 (C. 42:2A-56).

12 50. There is hereby appropriated, from the General Fund,  
13 \$45,000.00 to the Department of State to carry out the provisions  
14 of this act.

15 51. This act shall take effect immediately.

17

### SPONSORS' STATEMENT

19

20 On January 17, 1984 P.L. 1983, c. 489 (C. 42:2A-1 et seq.), the  
21 "Uniform Limited Partnership Law (1976)", was signed into law.  
22 It revised the limited partnership law of this State and was based  
23 substantially upon the revised Uniform Limited Partnership Act  
24 (1976) as drafted by the National Conference of Commissioners  
25 on Uniform State Laws. On January 3, 1985, this chapter was  
26 amended by P.L. 1984, c. 245.

27 The Uniform Limited Partnership Law, as amended, requires  
28 technical changes to resolve ambiguities and inconsistencies  
29 which stem from the 1984 revisions. This bill has been designed  
30 to accomplish this purpose.

31 A section by section description of the bill follows:

#### Section 1:

32 This section provides that limited partnerships in existence on  
33 the effective date of P.L. 1983, c. 489 need not amend their  
34 names or certificates to comply with its provisions.

#### Section 2:

35 This section amends the definition of "certificate of limited  
36 partnership" and "partnership certificate". These terms are  
37 often used interchangeably and have been redefined to include  
38

1 not only the form in which the certificate is originally filed, but  
2 as it is changed from time to time by both formal amendment and  
3 by correction.

4 "Event of withdrawal of a general partner" has been expanded  
5 to include those events specified in the statute and also those  
6 determined by the partners in their partnership agreement.

7 "Limited partner" has been redefined to eliminate the  
8 requirement for naming the limited partners in the partnership  
9 agreement.

10 Two new definitions have been added. "In interest" shall mean  
11 a vote or percentage of a limited partner equal to the portion  
12 that partner's share in contributions to the partnership bears to  
13 the share in contributions to the partnership of all limited  
14 partners. "Principal office" means the place designated in the  
15 partnership agreement or the place of business of the limited  
16 partnership where the chief of principal affairs and business of  
17 the partnership are transacted. Some limited partnerships  
18 conduct business at more than one office. The partnership may in  
19 its agreement, and must in its certificate, designate the principal  
20 office at which the required records are to be kept.

21 Section 3:

22 This section amends current law to require foreign limited  
23 partnerships to identify themselves by the designation "limited  
24 partnership" or "L.P." and in all other respects to conform to the  
25 name requirements of domestic limited partnerships. An effort  
26 has also been made to harmonize the confusing similar provisions  
27 of the Uniform Limited Partnership Law (1976) with Title 14A  
28 and Title 15A so as to avoid or reduce confusion between and  
29 among the various types of artificial entities governed by these  
30 three statutes.

31 Sections 4 and 5:

32 These sections provide that the registered office may also be a  
33 place of business maintained by the limited partnership in New  
34 Jersey. They further provide that the records shall be kept at the  
35 limited partnership's principal office and made available upon  
36 five days written notice. These amendments are intended to  
37 facilitate the use of attorneys, service companies, and other  
38 similar entities as registered agents for limited partnerships.

1       Section 6:

3       This section provides that the certificate of limited partnership  
5       need be signed only by general partners. This is an attempt to  
7       streamline the contents of the certificate to those items that are  
9       necessary consistent with the provisions of this chapter and  
11       limited partnership concepts. The address of the principal office  
13       of the limited partnership must be specified, but that office need  
15       not be in the State of New Jersey.

17       Section 7:

19       This section amends Section 16 of P.L. 1983, c. 489 (C.  
21       42:2A-17) to conform with the amendments adopted in 1984. The  
23       partnership certificate need not be amended each time a limited  
25       partner is admitted or withdraws from the partnership. The  
27       admission of a new general partner or an event of withdrawal of a  
29       general partner does require an amendment. The liability  
31       provisions of this section have been rewritten to provide a safe  
33       harbor time period of 90 days for one who must act to file an  
35       amendment to the certificate of limited partnership. The  
37       amendments also provide explicit statutory authority for a  
39       restated limited partnership certificate.

21       Sections 8 and 9:

23       These amendments are designed to assist recordkeeping in the  
25       office of the Secretary of State by providing for the situation  
27       where there is no remaining general partner and filings must be  
29       made.

31       Section 10, 11 and 12:

33       These amendments make technical changes and conform the  
35       law to the 1984 amendments.

37       Sections 13 and 14:

39       These amendments expand the safe harbor provisions for  
41       actions by limited partners. Many of these expansions, which are  
43       based on the Delaware statute, are administrative in nature and  
45       are not intended to depart from the concept which is basic to a  
47       limited partnership, that is, that the responsibility for its  
49       operation is solely that of the general partner or partners.

51       Section 15:

53       This section amends current law to reflect the fact that  
55       limited partners are no longer listed in, or signatories to, the  
57       certificate of limited partnership. One who does business with a

1 limited partnership and seeks to hold a limited partner liable  
2 must hold in good faith the belief that the person with whom he  
3 has transacted business is a general partner rather than a limited  
partner.

5 Section 16:

This is a technical amendment.

7 Section 17:

This section liberalizes the admission of new general partners.  
9 The partnership agreement may provide for admission of  
additional general partners, but must provide that no less than all  
11 existing general partners and at least two-thirds in interest of all  
limited partners must consent to the admission of a new general  
13 partner.

Section 18:

15 These are technical amendments.

Section 19:

17 These amendments remove the requirement that the personal  
representative of the estate of a deceased limited partner be  
19 obligated to perform services to the limited partnership.  
However, the obligation of a partner to contribute money is not  
21 affected by his death or disability.

Sections 20 and 21:

23 These are technical amendments.

Section 22:

25 This section provides for the withdrawal of a limited partner  
upon 6 months written notice to each general partner at the  
27 address set forth in the certificate of limited partnership. The  
names and addresses of the general partners must be set forth in  
29 the certificate of limited partnership and must be updated by  
amendment when they change.

31 Section 23:

This section clarifies the law with respect to liability upon  
33 return of contribution.

Section 24:

35 This amendment clarifies the situation where a general partner  
assigns his partnership interest. He ceases to be a general  
37 partner only upon the filing of a certificate reflecting his  
withdrawal.

1        Section 25:

3        This amendment liberalizes the right to admit additional  
5        limited partners. Unanimous consent is no longer required. All  
7        general partners and two-thirds in interest of the limited  
9        partners (or fewer as provided in the certificate) must consent.  
11       Since contributions are now aggregated in the limited partnership  
13       certificate, the reference to the certificate is now to the  
15       partnership agreement.

9        Section 26:

11       This section addresses the situation where there has been an  
13       event of withdrawal of a general partner, and particularly where  
15       that general partner is the last general partner. The partners in  
17       that event may act timely to continue the partnership if the  
19       general partner or partners and two-thirds in interest of the  
21       limited partners consent to the continuation of the partnership.

17       Sections 27 through 35:

19       These amendments are intended to clarify the law.

17       Section 36:

19       Presently the law is silent as to indemnification of general  
21       partners by the limited partnership in actions brought by third  
23       parties. These amendments provide that the partnership  
25       agreement may extend, limit or deny indemnification entirely in  
27       third-party actions. The amendments also provide that  
29       indemnification may include expenses incurred in a threatened  
31       action, or pending action which is settled or otherwise disposed of  
33       without court approval, provided there is a determination that  
35       the general partner is fairly and reasonably entitled to indemnity.  
37       Current law prohibits such indemnification.

29       Section 37:

31       This section adds a filing fee for all other certificates issued or  
33       papers filed but not otherwise provided for in the amount of  
35       \$15.00.

33       Sections 38 and 39:

35       These amendments amend chapter 3 of Title 42 to prohibit the  
37       formation of new limited partnership associations under those  
39       laws but do not affect any existing limited partnership  
41       associations.

37       Sections 40 through 48:

39       These are new sections of law. Sections 40 and 41 are intended

1 to facilitate a limited partnership's change in its registered  
office and registered agent. These concepts are similar to those  
3 of the New Jersey Business Corporation Act dealing with  
registered agents.

5 Sections 42 through 46 have been added to provide statutory  
norms for the calling of partnership meetings, voting, proxies and  
7 action by consent in lieu of meeting from which the partnership  
agreement may vary.

9 Section 47 provides that one person may be general and a  
limited partner in the same partnership at the same time.

11 Section 48 provides for a certificate of correction and has been  
added for administrative convenience for making corrections in  
13 the office of the Secretary of State.

Sections 49 and 50:

15 These sections repeal inconsistent laws and provide a  
\$45,000.00 appropriation to the office of the Secretary of State  
17 to carry out the provisions of this act.

19

CIVIL JUSTICE

21

Corporations

23 Amends and supplements the limited partnership law.

ASSEMBLY JUDICIARY COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2793

STATE OF NEW JERSEY

DATED: APRIL 14, 1988

The Assembly Judiciary Committee reports favorably Assembly Bill No. 2793.

This bill amends and supplements the Uniform Limited partnership Law , N.J.S.A. 42:2A-1, et seq. This law was enacted on January 17, 1984 and later amended in January 1985. As amended in 1985, the act requires technical changes to resolve ambiguities and inconsistencies. These are set forth in A-2793. The major substantive changes are as follows:

1. The definitions of "certificate of limited partnership" and "partnership certificate" are amended. These terms are often used interchangeably and have been redefined to include not only the form in which the certificate is originally filed, but as it is changed from time to time by both formal amendment and by correction.

"Event of withdrawal of a general partner" has been expanded to include those events specified in the statute and also those determined by the partners in their partnership agreement.

"Limited partner" has been redefined to eliminate the requirement for naming the limited partners in the partnership agreement.

Two new definitions have been added. "In interest" shall mean a vote or percentage of a limited partner equal to the portion that partner's share in contributions to the partnership bears to the share in contributions to the partnership of all limited partners. "Principal office" means the place designated in the partnership agreement, or the place of business of the limited partnership where the chief of principal affairs and business of the partnership are transacted. Some limited partnerships conduct business at more than one office. The partnership may in its agreement, and must in its certificate, designate the principal office at which the required records are to be kept. The records shall be made available upon five days written notice. These

amendments are intended to facilitate the use of attorneys, service companies, and other similar entities as registered agents for limited partnerships.

2. Foreign limited partnerships will be required to identify themselves by the designation "limited partnership" or "L.P." and in all other respects to conform to the name requirements of a domestic limited partnership. An effort has also been made to harmonize the confusing similar provisions of the Uniform Limited Partnership Act with Title 14A (The New Jersey Business Corporation Act) and Title 15A (The New Jersey Nonprofit Corporation Act) so as to avoid or reduce confusion between and among the various types of entities governed by these three statutes.

3. The certificate of limited partnership need be signed only by general partners. This is an attempt to streamline the contents of the certificate. The address of the principal office of the limited partnership must be specified, but that office need not be in the State of New Jersey.

4. Section 16 of P.L. 1983, c. 489 (C. 42:2A-17) is amended to conform with the amendments adopted in 1985. The partnership certificate need not be amended each time a limited partner is admitted or withdraws from the partnership. The admission of a new general partner or an event of withdrawal of a general partner does require an amendment. The liability provisions of this section have been rewritten to provide a time period of 90 days for one who must act to file an amendment to the certificate of limited partnership. The amendments also provide explicit statutory authority for a restated limited partnership certificate.

5. The safe harbor provisions for actions by limited partners have been expanded. Many of these expansions, which are based on the Delaware statute, are administrative in nature and are not intended to depart from the concept which is basic to a limited partnership, that is, that the responsibility for its operation is solely that of the general partner or partners.

6. Current law has been revised to reflect the fact that limited partners are no longer listed in, or signatories to, the certificate of limited partnership. One who does business with a limited partnership and seeks to hold a limited partner liable must hold in good faith the belief that the person with whom he has transacted business is a general partner rather than a limited partner.

7. The admission of new general partners has been liberalized. The partnership agreement may provide for the admission of additional general partners, but must provide that no less than all existing general partners and at least two-thirds in interest of all limited partners must consent to the admission of a new general partner.

8. The personal representative of the estate of a deceased limited partner is no longer obligated to perform services to the limited partnership. However, the obligation of a partner to contribute money is not affected by his death or disability.

9. A limited partner may withdraw upon six months written notice to each general partner at the address set forth in the certificate of limited partnership. The names and addresses of the general partners must be set forth in the certificate of limited partnership and must be updated by amendments when they change. Where a general partner assigns his partnership interest he ceases to be a general partner only upon the filing of a certificate reflecting his withdrawal.

10. Unanimous consent to admit additional limited partners is no longer required. All general partners and two-thirds in interest of the limited partners (or fewer as provided in the certificate) must consent.

11. Where there has been an event of withdrawal of a general partner, particularly where that general partner is the last general partner, the partners may act timely to continue the partnership, if the general partner or partners and two-thirds in interest of the limited partners consent to the continuation of the partnership.

12. Presently the law is silent as to indemnification of general partners by the limited partnership in actions brought by third parties. Under A-2973 the partnership agreement may extend, limit or deny indemnification entirely in third-party actions. The bill also provides that indemnification may include expenses incurred in a threatened action, or pending action which is settled or otherwise disposed of without court approval, provided there is a determination that the general partner is fairly and reasonably entitled to indemnity. Current law prohibits such indemnification.

13. Chapter 3 of Title 42, Limited Partnership Associations, is amended to prohibit the formation of new limited partnership associations under those laws but this will not affect any existing limited partnership associations.

SENATE JUDICIARY COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2793

STATE OF NEW JERSEY

REPRINTED  
IN WJSA

DATED: JUNE 23, 1988

The Senate Judiciary Committee reports favorably Assembly Bill No. 2793.

This bill proposes a series of amendments to the Uniform Limited Partnership Law (ULPA) based on the recommendations of the Corporate Law Section of the Bar Association. The major substantive changes proposed in the bill are as follows:

1. The definitions of "certificate of limited partnership" and "partnership certificate" are amended. These terms are often used interchangeably and have been redefined to include not only the form in which the certificate is originally filed, but as it is changed from time to time by both formal amendment and by correction.

"Event of withdrawal of a general partner" has been expanded to include those events specified in the statute and also those determined by the partners in their partnership agreement.

"Limited partner" has been redefined to eliminate the requirement for naming the limited partners in the partnership agreement.

Two new definitions have been added. "In interest" shall mean a vote or percentage of a limited partner equal to the portion that partner's share in contributions to the partnership bears to the share in contributions to the partnership of all limited partners. "Principal office" means the place designated in the partnership agreement, or the place of business of the limited partnership where the chief of principal affairs and business of the partnership are transacted. Some limited partnerships conduct business at more than one office. The partnership may in its agreement, and must in its certificate, designate the principal office at which the required records are to be kept. The records shall be made available upon five days written notice. These amendments are intended to facilitate the use of attorneys, service companies, and other similar entities are registered agents for limited partnerships.

2. Foreign limited partnerships will be required to identify themselves by the designation "limited partnership" or "L.P." and in

all other respects to conform to the name requirements of a domestic limited partnership. An effort has also been made to harmonize the confusing similar provisions of ULPA with Title 14A (the New Jersey Business Corporation Act) and Title 15A (The New Jersey Nonprofit Corporation Act) so as to avoid or reduce confusion between and among the various types of entities governed by these three statutes.

3. The certificate of limited partnership need be signed only by general partners. This is an attempt to streamline the contents of the certificate. The address of the principal office of the limited partnership must be specified, but that office need not be in the State of New Jersey.

4. Section 16 of P.L. 1983, c.489 (C. 42:2A-17) is amended to conform with the amendments adopted in 1985. The partnership certificate need not be amended each time a limited partner is admitted or withdraws from the partnership. The admission of a new general partner or an event of withdrawal of a general partner does require an amendment. The liability provisions of this section have been rewritten to provide a time period of 90 days for one who must act to file an amendment to the certificate of limited partnership. The amendments also provide explicit statutory authority for a restated limited partnership certificate.

5. Expands the activities which can be undertaken by limited partners without losing their status as limited partners. Many of these expansions are administrative in nature and are not intended to depart from the concept which is basic to a limited partnership, that is, that the responsibility for its operation is solely that of the general partner or partners.

6. Current law has been revised to reflect the fact that limited partners are no longer listed in, or are signatories to, the certificate of limited partnership. One who does business with a limited partnership and seeks to hold a limited partner liable must believe in good faith that the person with whom he has transacted business is a general partner rather than a limited partner.

7. The admission of new general partners has been liberalized. The partnership agreement may provide for the admission of additional general partners, but must provide that no less than all existing general partners and at least two-thirds in interest of all limited partners must consent to the admission of a new general partner.