

MICHIGAN REVISED UNIFORM LIMITED PARTNERSHIP ACT (EXCERPT)
Act 213 of 1982

449.1303 Liability of limited partner for obligations of limited partnership.

Sec. 303.

(a) Except as provided in subsection (d), a limited partner is not liable for the obligations of a limited partnership unless the limited partner is also a general partner or, in addition to the exercise of rights and powers as a limited partner, the limited partner takes part in the control of the business. However, if the limited partner's participation in the control of the business is not substantially the same as the exercise of the powers of a general partner, the limited partner is liable only to persons who transact business with the limited partnership with actual knowledge of the limited partner's participation in control.

(b) A limited partner does not participate in the control of the business within the meaning of subsection (a) solely by doing 1 or more of the following:

- (1) Being a contractor for or an agent or employee of the limited partnership or of a general partner.
- (2) Consulting with and advising a general partner with respect to the business of the limited partnership.
- (3) Acting as surety for the limited partnership.
- (4) Approving or disapproving an amendment to the partnership agreement.
- (5) Approving or disapproving a transaction involving an actual or potential conflict of interest between a general partner and the limited partnership.
- (6) Requesting or attending a meeting of partners.
- (7) Voting on 1 or more of the following matters:
 - (i) The dissolution and winding up of the limited partnership.
 - (ii) The sale, exchange, lease, mortgage, pledge, or other transfer of all or substantially all of the assets of the limited partnership other than in the ordinary course of its business.
 - (iii) The incurrence of indebtedness by the limited partnership other than in the ordinary course of its business.
 - (iv) A change in the nature of the business.
 - (v) The removal of a general partner.
- (c) The enumeration in subsection (b) does not mean that the possession or exercise of any other powers by a limited partner constitutes participation by the limited partner in the business of the limited partnership.
- (d) A limited partner who knowingly permits his or her name to be used in the name of the limited partnership, except under circumstances permitted by section 102(2)(i), is liable to creditors who extend credit to the limited partnership without actual knowledge that the limited partner is not a general partner.

History: 1982, Act 213, Eff. Jan. 1, 1983