

Title 25

PARTNERSHIPS

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- 25.10 Uniform limited partnership act.**
- 25.12 Limited partnerships existing prior to June 6, 1945.**
- 25.15 Limited liability companies.**

Powers of appointment: Chapter 11.95 RCW.

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ARTICLE 1
GENERAL PROVISIONS

25.05.005 Definitions. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise:

(1) "Business" includes every trade, occupation, and profession.

(2) "Debtor in bankruptcy" means a person who is the subject of:

(a) An order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or

(b) A comparable order under federal, state, or foreign law governing insolvency.

(3) "Distribution" means a transfer of money or other property from a partnership to a partner in the partner's capacity as a partner or to the partner's transferee.

(4) "Foreign limited liability partnership" means a partnership that:

(a) Is formed under laws other than the laws of this state; and

(b) Has the status of a limited liability partnership under those laws.

(5) "Limited liability partnership" means a partnership that has filed an application under RCW 25.05.500 and does not have a similar statement in effect in any other jurisdiction.

(6) "Partnership" means an association of two or more persons to carry on as co-owners a business for profit formed under RCW 25.05.055, predecessor law, or comparable law of another jurisdiction.

(7) "Partnership agreement" means the agreement, whether written, oral, or implied, among the partners concerning the partnership, including amendments to the partnership agreement.

(8) "Partnership at will" means a partnership in which the partners have not agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking.

(9) "Partnership interest" or "partner's interest in the partnership" means all of a partner's interests in the partnership, including the partner's transferable interest and all management and other rights.

(10) "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government, governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(11) "Property" means all property, real, personal, or mixed, tangible or intangible, or any interest therein.

(12) "Registered agent" means the person designated under Article 4 of chapter 23.95 RCW to serve as the agent of

the entity authorized to receive service of any process, notice, or demand required or permitted by law to be served on the entity.

(13) "State" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or insular possession subject to the jurisdiction of the United States.

(14) "Statement" means a statement of partnership authority under RCW 25.05.110, a statement of denial under RCW 25.05.115, a statement of dissociation under RCW 25.05.265, a statement of dissolution under RCW 25.05.320, or an amendment or cancellation of any statement under these sections.

(15) "Transfer" includes an assignment, conveyance, lease, mortgage, deed, and encumbrance. [2015 c 176 § 5101; 2009 c 202 § 3; 1998 c 103 § 101.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.05.010 Knowledge and notice. (1) A person knows a fact if the person has actual knowledge of it.

(2) A person has notice of a fact if the person:

(a) Knows of it;

(b) Has received a notification of it; or

(c) Has reason to know it exists from all of the facts known to the person at the time in question.

(3) A person notifies or gives a notification to another by taking steps reasonably required to inform the other person in ordinary course, whether or not the other person learns of it.

(4) A person receives a notification when the notification:

(a) Comes to the person's attention; or

(b) Is duly delivered at the person's place of business or at any other place held out by the person as a place for receiving communications.

(5) Except as otherwise provided in subsection (6) of this section, a person other than an individual knows, has notice, or receives a notification of a fact for purposes of a particular transaction when the individual conducting the transaction knows, has notice, or receives a notification of the fact, or in any event when the fact would have been brought to the individual's attention if the person had exercised reasonable diligence. The person exercises reasonable diligence if the person maintains reasonable routines for communicating significant information to the individual conducting the transaction and there is reasonable compliance with the routines. Reasonable diligence does not require an individual acting for the person to communicate information unless the communication is part of the individual's regular duties or the individual has reason to know of the transaction and that the transaction would be materially affected by the information.

(6) A partner's knowledge, notice, or receipt of a notification of a fact relating to the partnership is effective immediately as knowledge by, notice to, or receipt of a notification by the partnership, except in the case of a fraud on the partnership committed by or with the consent of that partner. [1998 c 103 § 102.]

25.05.015 Effect of partnership agreement—Non-waivable provisions. (1) Except as otherwise provided in subsection (2) of this section, relations among the partners

and between the partners and the partnership are governed by the partnership agreement. To the extent the partnership agreement does not otherwise provide, this chapter governs relations among the partners and between the partners and the partnership.

(2) The partnership agreement may not:

(a) Vary the rights and duties under RCW 25.05.025 except to eliminate the duty to provide copies of statements to all of the partners;

(b) Unreasonably restrict the right of access to books and records under RCW 25.05.160(2);

(c) Eliminate the duty of loyalty under RCW 25.05.165(2) or 25.05.235(2)(c), but, if not manifestly unreasonable;

(i) The partnership agreement may identify specific types or categories of activities that do not violate the duty of loyalty; or

(ii) All of the partners or a number or percentage specified in the partnership agreement may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty;

(d) Unreasonably reduce the duty of care under RCW 25.05.165(3) or 25.05.235(2)(c);

(e) Eliminate the obligation of good faith and fair dealing under RCW 25.05.165(4), but the partnership agreement may prescribe the standards by which the performance of the obligation is to be measured, if the standards are not manifestly unreasonable;

(f) Vary the power to dissociate as a partner under RCW 25.05.230(1), except to require the notice under RCW 25.05.225(1) to be in writing;

(g) Vary the right of a court to expel a partner in the events specified in RCW 25.05.225(5);

(h) Vary the requirement to wind up the partnership business in cases specified in RCW 25.05.300 (4), (5), or (6);

(i) Vary the law applicable to a limited liability partnership under RCW 25.05.030(2); or

(j) Restrict rights of third parties under this chapter. [1998 c 103 § 103.]

25.05.020 Supplemental principles of law. (1) Unless displaced by particular provisions of this chapter, the principles of law and equity supplement this chapter.

(2) If an obligation to pay interest arises under this chapter and the rate is not specified, the rate is that specified in RCW 19.52.010(1). [1998 c 103 § 104.]

25.05.025 Delivery and filing of statements. (1) A statement may be delivered to the office of the secretary of state for filing in accordance with Article 2 of chapter 23.95 RCW. A certified copy of a statement that is filed in an office in another state may be delivered to the office of the secretary of state for filing in accordance with Article 2 of chapter 23.95 RCW. Either filing has the effect provided in this chapter with respect to partnership property located in or transactions that occur in this state.

(2) A statement delivered by a partnership to the secretary of state for filing must be executed by at least two partners. Other statements must be executed by a partner or other person authorized by this chapter. An individual who executes a statement as, or on behalf of, a partner or other person

shall personally declare under penalty of perjury that the contents of the statement are accurate.

(3) A person authorized by this chapter to deliver a statement to the secretary of state for filing may amend or cancel the statement by delivering to the secretary of state for filing an amendment or cancellation that names the partnership, identifies the statement, and states the substance of the amendment or cancellation.

(4) A person who delivers a statement to the secretary of state for filing shall promptly send a copy of the statement to every nonfiling partner and to any other person named as a partner in the statement. Failure to send a copy of a statement to a partner or other person does not limit the effectiveness of the statement as to a person not a partner. [2015 c 176 § 5102; 1998 c 103 § 105.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.05.030 Governing law. (1) Except as otherwise provided in subsection (2) of this section, the law of the jurisdiction in which a partnership has its chief executive office governs relations among the partners and the partnership.

(2) The law of this state governs relations among the partners and the partnership and the liability of partners for an obligation of a limited liability partnership. [1998 c 103 § 106.]

25.05.035 Partnership subject to amendment or repeal of chapter. A partnership governed by this chapter is subject to any amendment to or repeal of this chapter. [1998 c 103 § 107.]

ARTICLE 2 NATURE OF PARTNERSHIP

25.05.050 Partnership as entity. (1) A partnership is an entity distinct from its partners.

(2) A limited liability partnership continues to be the same entity that existed before the filing of an application under RCW 25.05.500(2). [2000 c 169 § 10; 1998 c 103 § 201.]

25.05.055 Formation of partnership. (1) Except as otherwise provided in subsection (2) of this section, the association of two or more persons to carry on as co-owners a business for profit forms a partnership, whether or not the persons intend to form a partnership.

(2) An association formed under a statute other than this chapter, a predecessor statute, or a comparable statute of another jurisdiction is not a partnership under this chapter.

(3) In determining whether a partnership is formed, the following rules apply:

(a) Joint tenancy, tenancy in common, tenancy by the entirety, joint property, common property, or part ownership does not by itself establish a partnership, even if the co-owners share profits made by the use of the property;

(b) The sharing of gross returns does not by itself establish a partnership, even if the persons sharing them have a joint or common right or interest in property from which the returns are derived; and

(c) A person who receives a share of the profits of a business is presumed to be a partner in the business, unless the profits were received in payment:

- (i) Of a debt by installments or otherwise;
- (ii) For services as an independent contractor or of wages or other compensation to an employee;
- (iii) Of rent;
- (iv) Of an annuity or other retirement or health benefit to a beneficiary, representative, or designee of a deceased or retired partner;
- (v) Of interest or other charge on a loan, even if the amount of payment varies with the profits of the business, including a direct or indirect present or future ownership of the collateral, or rights to income, proceeds, or increase in value derived from the collateral; or
- (vi) For the sale of the goodwill of a business or other property by installments or otherwise. [1998 c 103 § 202.]

25.05.060 Partnership property. Property acquired by a partnership is property of the partnership and not of the partners individually. [1998 c 103 § 203.]

25.05.065 When property is partnership property.

(1) Property is partnership property if acquired in the name of:

- (a) The partnership; or
- (b) One or more partners with an indication in the instrument transferring title to the property of the person's capacity as a partner or of the existence of a partnership, whether or not there is an indication of the name of the partnership.

(2) Property is acquired in the name of the partnership by a transfer to:

- (a) The partnership in its name; or
- (b) One or more partners in their capacity as partners in the partnership, if the name of the partnership is indicated in the instrument transferring title to the property.

(3) Property is presumed to be partnership property if purchased with partnership assets, even if not acquired in the name of the partnership or of one or more partners with an indication in the instrument transferring title to the property of the person's capacity as a partner or of the existence of a partnership.

(4) Property acquired in the name of one or more of the partners, without an indication in the instrument transferring title to the property of the person's capacity as a partner or of the existence of a partnership and without use of partnership assets, is presumed to be separate property, even if used for partnership purposes. [1998 c 103 § 204.]

ARTICLE 3

RELATIONS OF PARTNERS TO PERSONS DEALING WITH PARTNERSHIP

25.05.100 Partner agent of partnership. Subject to the effect of a statement of partnership authority under RCW 25.05.110:

(1) Each partner is an agent of the partnership for the purpose of its business. An act of a partner, including the execution of an instrument in the partnership name, for apparently carrying on in the ordinary course the partnership business or business of the kind carried on by the partnership

binds the partnership, unless the partner had no authority to act for the partnership in the particular matter and the person with whom the partner was dealing knew or had received a notification that the partner lacked authority.

(2) An act of a partner which is not apparently for carrying on in the ordinary course the partnership business or business of the kind carried on by the partnership binds the partnership only if the act was authorized by the other partners. [1998 c 103 § 301.]

25.05.105 Transfer of partnership property. (1) Partnership property may be transferred as follows:

(a) Subject to the effect of a statement of partnership authority under RCW 25.05.110, partnership property held in the name of the partnership may be transferred by an instrument of transfer executed by a partner in the partnership name;

(b) Partnership property held in the name of one or more partners with an indication in the instrument transferring the property to them of their capacity as partners or of the existence of a partnership, but without an indication of the name of the partnership, may be transferred by an instrument of transfer executed by the persons in whose name the property is held; or

(c) Partnership property held in the name of one or more persons other than the partnership, without an indication in the instrument transferring the property to them of their capacity as partners or of the existence of a partnership, may be transferred by an instrument of transfer executed by the persons in whose name the property is held.

(2) A partnership may recover partnership property from a transferee only if it proves that execution of the instrument of initial transfer did not bind the partnership under RCW 25.05.100, and:

(a) As to a subsequent transferee who gave value for property transferred under subsection (1)(a) and (b) of this section, proves that the subsequent transferee knew or had received a notification that the person who executed the instrument of initial transfer lacked authority to bind the partnership; or

(b) As to a transferee who gave value for property transferred under subsection (1)(c) of this section, proves that the transferee knew or had received a notification that the property was partnership property and that the person who executed the instrument of initial transfer lacked authority to bind the partnership.

(3) A partnership may not recover partnership property from a subsequent transferee if the partnership would not have been entitled to recover the property, under subsection (2) of this section, from any earlier transferee of the property.

(4) If a person holds all of the partners' interests in the partnership, all of the partnership property vests in that person. The person may execute a document in the name of the partnership to evidence vesting of the property in that person and may file or record the document. [1998 c 103 § 302.]

25.05.110 Statement of partnership authority. (1) A partnership may deliver to the secretary of state for filing a statement of partnership authority, which:

- (a) Must include:
 - (i) The name of the partnership; and

(ii) The street address of its chief executive office and of one office in this state, if there is one; and

(b) May state the names of all of the partners, the names of the partners authorized to execute an instrument transferring real property held in the name of the partnership, the authority, or limitations on the authority, of some or all of the partners to enter into other transactions on behalf of the partnership and any other matter.

(2) A grant of authority contained in a filed statement of partnership authority is conclusive in favor of a person not a partner who gives value without knowledge to the contrary, so long as and to the extent that a limitation on that authority is not then contained in a subsequently filed statement. A filed cancellation of a limitation on authority revives the previous grant of authority.

(3) A person not a partner is deemed to know of a limitation on the authority of a partner to transfer real property held in the name of the partnership if the limitation is contained in a filed statement of partnership authority.

(4) Except as otherwise provided in subsection (3) of this section and RCW 25.05.265 and 25.05.320, a person not a partner is not deemed to know of a limitation on the authority of a partner merely because the limitation is contained in a filed statement.

(5) Unless earlier canceled, a filed statement of partnership authority is canceled by operation of law five years after the date on which the statement, or the most recent amendment, was filed by the secretary of state. [2015 c 176 § 5103; 1998 c 103 § 303.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.05.115 Statement of denial. A partner, or other person named as a partner in a filed statement of partnership authority, may deliver to the secretary of state for filing a statement of denial stating the name of the partnership and the fact that is being denied, which may include denial of a person's authority or status as a partner. A statement of denial is a limitation on authority as provided in RCW 25.05.110 (2) and (3). [2015 c 176 § 5104; 1998 c 103 § 304.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.05.120 Partnership liable for partner's actionable conduct. (1) A partnership is liable for loss or injury caused to a person, or for a penalty incurred, as a result of a wrongful act or omission, or other actionable conduct, of a partner acting in the ordinary course of business of the partnership or with authority of the partnership.

(2) If, in the course of the partnership's business or while acting with authority of the partnership, a partner receives or causes the partnership to receive money or property of a person not a partner, and the money or property is misapplied by a partner, the partnership is liable for the loss. [1998 c 103 § 305.]

25.05.125 Partner's liability. (1) Except as otherwise provided in subsections (2), (3), and (4) of this section, all partners are liable jointly and severally for all obligations of the partnership unless otherwise agreed by the claimant or provided by law.

(2) A person admitted as a partner into an existing partnership is not personally liable for any partnership obligation incurred before the person's admission as a partner.

(3) Except as otherwise provided in subsection (4) of this section, an obligation of a partnership incurred while the partnership is a limited liability partnership, whether arising in contract, tort, or otherwise, is solely the obligation of the partnership. A partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for such an obligation solely by reason of being or so acting as a partner. This subsection applies notwithstanding anything inconsistent in the partnership agreement that existed, in the case of a limited liability partnership in existence on June 11, 1998, and, in the case of a partnership becoming a limited liability partnership after June 11, 1998, immediately before the vote required to become a limited liability partnership under RCW 25.05.500(1).

(4) If the partners of a limited liability partnership or a foreign limited liability partnership are required to be licensed to provide professional services as defined in RCW 18.100.030, and the partnership fails to maintain for itself and for its members practicing in this state a policy of professional liability insurance, bond, deposit in trust, bank escrow of cash, bank certificates of deposit, United States treasury obligations, bank letter of credit, insurance company bond, or other evidence of financial responsibility of a kind designated by rule by the state insurance commissioner and in the amount of at least one million dollars or such greater amount, not to exceed three million dollars, as the state insurance commissioner may establish by rule for a licensed profession or for any specialty within a profession, taking into account the nature and size of the businesses within the profession or specialty, then the partners shall be personally liable to the extent that, had such insurance, bond, deposit in trust, bank escrow of cash, bank certificates of deposit, United States treasury obligations, bank letter of credit, insurance company bond, or other evidence of responsibility been maintained, it would have covered the liability in question. [1998 c 103 § 306.]

25.05.130 Actions by and against partnership and partners. (1) A partnership may sue and be sued in the name of the partnership.

(2) An action may be brought against the partnership and, to the extent not inconsistent with RCW 25.05.125, any or all of the partners in the same action or in separate actions.

(3) A judgment against a partnership is not by itself a judgment against a partner. A judgment against a partnership may not be satisfied from a partner's assets unless there is also a judgment against the partner.

(4) A judgment creditor of a partner may not levy execution against the assets of the partner to satisfy a judgment based on a claim against the partnership unless the partner is personally liable for the claim under RCW 25.05.125, and:

(a) A judgment based on the same claim has been obtained against the partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;

(b) The partnership is a debtor in bankruptcy;

(c) The partner has agreed that the creditor need not exhaust partnership assets;

(d) A court grants permission to the judgment creditor to levy execution against the assets of a partner based on a finding that partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of partnership assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or

(e) Liability is imposed on the partner by law or contract independent of the existence of the partnership.

(5) This section applies to any partnership liability or obligation resulting from a representation by a partner or purported partner under RCW 25.05.135. [1998 c 103 § 307.]

25.05.135 Liability of purported partner. (1) If a person, by words or conduct, purports to be a partner, or consents to being represented by another as a partner, in a partnership or with one or more persons not partners, the purported partner is liable to a person to whom the representation is made, if that person, relying on the representation, enters into a transaction with the actual or purported partnership. If the representation, either by the purported partner or by a person with the purported partner's consent, is made in a public manner, the purported partner is liable to a person who relies upon the purported partnership even if the purported partner is not aware of being held out as a partner to the claimant. If partnership liability results, the purported partner is liable with respect to that liability as if the purported partner were a partner. If no partnership liability results, the purported partner is liable with respect to that liability jointly and severally with any other person consenting to the representation.

(2) If a person is thus represented to be a partner in an existing partnership, or with one or more persons not partners, the purported partner is an agent of persons consenting to the representation to bind them to the same extent and in the same manner as if the purported partner were a partner, with respect to persons who enter into transactions in reliance upon the representation. If all of the partners of the existing partnership consent to the representation, a partnership act or obligation results. If fewer than all of the partners of the existing partnership consent to the representation, the person acting and the partners consenting to the representation are jointly and severally liable.

(3) A person is not liable as a partner merely because the person is named by another in a statement of partnership authority.

(4) A person does not continue to be liable as a partner merely because of a failure to file a statement of dissociation or to amend a statement of partnership authority to indicate the partner's dissociation from the partnership.

(5) Except as otherwise provided in subsections (1) and (2) of this section, persons who are not partners as to each other are not liable as partners to other persons. [1998 c 103 § 308.]

ARTICLE 4

RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

25.05.150 Partner's rights and duties. (1) Each partner is deemed to have an account that is:

(a) Credited with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, the partner contributes to the partnership and the partner's share of the partnership profits; and

(b) Charged with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, distributed by the partnership to the partner and the partner's share of the partnership losses.

(2) Each partner is entitled to an equal share of the partnership profits and is chargeable with a share of the partnership losses in proportion to the partner's share of the profits.

(3) A partnership shall reimburse a partner for payments made and indemnify a partner for liabilities incurred by the partner in the ordinary course of the business of the partnership or for the preservation of its business or property.

(4) A partnership shall reimburse a partner for an advance to the partnership beyond the amount of capital the partner agreed to contribute.

(5) A payment or advance made by a partner which gives rise to a partnership obligation under subsection (3) or (4) of this section constitutes a loan to the partnership which accrues interest from the date of the payment or advance.

(6) Each partner has equal rights in the management and conduct of the partnership business.

(7) A partner may use or possess partnership property only on behalf of the partnership.

(8) A partner is not entitled to remuneration for services performed for the partnership, except for reasonable compensation for services rendered in winding up the business of the partnership.

(9) A person may become a partner only with the consent of all of the partners.

(10) A difference arising as to a matter in the ordinary course of business of a partnership may be decided by a majority of the partners. An act outside the ordinary course of business of a partnership and an amendment to the partnership agreement may be undertaken only with the consent of all of the partners.

(11) This section does not affect the obligations of a partnership to other persons under RCW 25.05.100. [1998 c 103 § 401.]

25.05.155 Distributions in kind. A partner has no right to receive, and may not be required to accept, a distribution in kind. [1998 c 103 § 402.]

25.05.160 Partner's rights and duties with respect to information. (1) A partnership shall keep its books and records, if any, at its chief executive office.

(2) A partnership shall provide partners and their agents and attorneys access to its books and records. It shall provide former partners and their agents and attorneys access to books and records pertaining to the period during which they were partners. The right of access provides the opportunity to inspect and copy books and records during ordinary business hours. A partnership may impose a reasonable charge, covering the costs of labor and material, for copies of documents furnished.

(3) Each partner and the partnership shall furnish to a partner, and to the legal representative of a deceased partner or partner under legal disability:

(a) Without demand, any information concerning the partnership's business and affairs reasonably required for the proper exercise of the partner's rights and duties under the partnership agreement or this chapter; and

(b) On demand, any other information concerning the partnership's business and affairs, except to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances. [1998 c 103 § 403.]

25.05.165 General standards of partner's conduct.

(1) The only fiduciary duties a partner owes to the partnership and the other partners are the duty of loyalty and the duty of care set forth in subsections (2) and (3) of this section.

(2) A partner's duty of loyalty to the partnership and the other partners is limited to the following:

(a) To account to the partnership and hold as trustee for it any property, profit, or benefit derived by the partner in the conduct and winding up of the partnership business or derived from a use by the partner of partnership property, including the appropriation of a partnership opportunity;

(b) To refrain from dealing with the partnership in the conduct or winding up of the partnership business as or on behalf of a party having an interest adverse to the partnership; and

(c) To refrain from competing with the partnership in the conduct of the partnership business before the dissolution of the partnership.

(3) A partner's duty of care to the partnership and the other partners in the conduct and winding up of the partnership business is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.

(4) A partner shall discharge the duties to the partnership and the other partners under this chapter or under the partnership agreement and exercise any rights consistently with the obligation of good faith and fair dealing.

(5) A partner does not violate a duty or obligation under this chapter or under the partnership agreement merely because the partner's conduct furthers the partner's own interest.

(6) A partner may lend money to and transact other business with the partnership, and as to each loan or transaction the rights and obligations of the partner are the same as those of a person who is not a partner, subject to other applicable law.

(7) This section applies to a person winding up the partnership business as the personal or legal representative of the last surviving partner as if the person were a partner. [1998 c 103 § 404.]

25.05.170 Actions by partnership and partners.

(1) A partnership may maintain an action against a partner for a breach of the partnership agreement, or for the violation of a duty to the partnership, causing harm to the partnership.

(2) A partner may maintain an action against the partnership or another partner for legal or equitable relief, with or without an accounting as to partnership business, to:

(a) Enforce the partner's rights under the partnership agreement;

(b) Enforce the partner's rights under this chapter, including:

(i) The partner's rights under RCW 25.05.150, 25.05.160, or 25.05.165;

(ii) The partner's right on dissociation to have the partner's interest in the partnership purchased pursuant to RCW 25.05.250 or enforce any other right under article 6 or 7 of this chapter; or

(iii) The partner's right to compel a dissolution and winding up of the partnership business under RCW 25.05.300 or enforce any other right under article 8 of this chapter; or

(c) Enforce the rights and otherwise protect the interests of the partner, including rights and interests arising independently of the partnership relationship.

(3) The accrual of, and any time limitation on, a right of action for a remedy under this section is governed by other law. A right to an accounting upon a dissolution and winding up does not revive a claim barred by law. [1998 c 103 § 405.]

25.05.175 Continuation of partnership beyond definite term or particular undertaking.

(1) If a partnership for a definite term or particular undertaking is continued, without an express agreement, after the expiration of the term or completion of the undertaking, the rights and duties of the partners remain the same as they were at the expiration or completion, so far as is consistent with a partnership at will.

(2) If the partners, or those of them who habitually acted in the business during the term or undertaking, continue the business without any settlement or liquidation of the partnership, they are presumed to have agreed that the partnership will continue. [1998 c 103 § 406.]

ARTICLE 5

TRANSFEREES AND CREDITORS OF PARTNER

25.05.200 Partner not co-owner of partnership property. A partner is not a co-owner of partnership property and has no interest in partnership property which can be transferred, either voluntarily or involuntarily. [1998 c 103 § 501.]

25.05.205 Partner's transferable interest in partnership. The only transferable interest of a partner in the partnership is the partner's share of the profits and losses of the partnership and the partner's right to receive distributions. The interest is personal property. [1998 c 103 § 502.]

25.05.210 Transfer of partner's transferable interest.

(1) A transfer, in whole or in part, of a partner's transferable interest in the partnership:

(a) Is permissible;

(b) Does not by itself cause the partner's dissociation or a dissolution and winding up of the partnership business; and

(c) Does not, as against the other partners or the partnership, entitle the transferee, during the continuance of the partnership, to participate in the management or conduct of the partnership business, to require access to information concerning partnership transactions, or to inspect or copy the partnership books or records.

(2) A transferee of a partner's transferable interest in the partnership has a right:

(a) To receive, in accordance with the transfer, allocations of profits and losses of the partnership and distributions to which the transferor would otherwise be entitled;

(b) To receive upon the dissolution and winding up of the partnership business, in accordance with the transfer, the net amount otherwise distributable to the transferor; and

(c) To seek under RCW 25.05.300(6) a judicial determination that it is equitable to wind up the partnership business.

(3) In a dissolution and winding up, a transferee is entitled to an account of partnership transactions only from the date of the latest account agreed to by all of the partners.

(4) Upon transfer, the transferor retains the rights and duties of a partner other than the interest in profits and losses of the partnership and distributions transferred.

(5) A partnership need not give effect to a transferee's rights under this section until it has notice of the transfer.

(6) A transfer of a partner's transferable interest in the partnership in violation of a restriction on transfer contained in the partnership agreement is ineffective as to a person having notice of the restriction at the time of transfer. [1998 c 103 § 503.]

25.05.215 Partner's transferable interest subject to charging order. (1) On application by a judgment creditor of a partner or of a partner's transferee, a court having jurisdiction may charge the transferable interest of the judgment debtor to satisfy the judgment. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor in respect of the partnership and make all other orders, directions, accounts, and inquiries the judgment debtor might have made or which the circumstances of the case may require.

(2) A charging order constitutes a lien on the judgment debtor's transferable interest in the partnership. The court may order a foreclosure of the interest subject to the charging order at any time. The purchaser at the foreclosure sale has the rights of a transferee.

(3) At any time before foreclosure, an interest charged may be redeemed:

(a) By the judgment debtor;

(b) With property other than partnership property, by one or more of the other partners; or

(c) With partnership property, by one or more of the other partners with the consent of all of the partners whose interests are not so charged.

(4) This chapter does not deprive a partner of a right under exemption laws with respect to the interest in the partnership.

(5) This section provides the exclusive remedy by which a judgment creditor of a partner or partner's transferee may satisfy a judgment out of the judgment debtor's transferable interest in the partnership. [1998 c 103 § 504.]

ARTICLE 6 PARTNER'S DISSOCIATION

25.05.225 Events causing partner's dissociation. A partner is dissociated from a partnership upon the occurrence of any of the following events:

(1) The partnership's having notice of the partner's express will to withdraw as a partner or on a later date specified by the partner;

(2) An event agreed to in the partnership agreement as causing the partner's dissociation;

(3) The partner's expulsion pursuant to the partnership agreement;

(4) The partner's expulsion by the unanimous vote of the other partners if:

(a) It is unlawful to carry on the partnership business with that partner;

(b) There has been a transfer of all or substantially all of that partner's transferable interest in the partnership, other than a transfer for security purposes or a court order charging the partner's interest which, in either case, has not been foreclosed;

(c) Within ninety days after the partnership notifies a corporate partner that it will be expelled because it has filed articles of dissolution, it has been administratively or judicially dissolved, or its right to conduct business has been suspended by the jurisdiction of its incorporation, and there is no revocation of the articles of dissolution, no reinstatement following its administrative dissolution, or reinstatement of its right to conduct business by the jurisdiction of its incorporation, as applicable; or

(d) A partnership or limited liability company that is a partner has been dissolved and its business is being wound up;

(5) On application by the partnership or another partner, the partner's expulsion by judicial determination because:

(a) The partner engaged in wrongful conduct that adversely and materially affected the partnership business;

(b) The partner willfully or persistently committed a material breach of the partnership agreement or of a duty owed to the partnership or the other partners under RCW 25.05.165; or

(c) The partner engaged in conduct relating to the partnership business which makes it not reasonably practicable to carry on the business in partnership with the partner;

(6) The partner's:

(a) Becoming a debtor in bankruptcy;

(b) Executing an assignment for the benefit of creditors;

(c) Seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidator of that partner or of all or substantially all of that partner's property; or

(d) Failing, within ninety days after the appointment, to have vacated or stayed the appointment of a trustee, receiver, or liquidator of the partner or of all or substantially all of the partner's property obtained without the partner's consent or acquiescence, or failing within ninety days after the expiration of a stay to have the appointment vacated;

(7) In the case of a partner who is an individual:

(a) The partner's death;

(b) The appointment of a guardian or general conservator for the partner; or

(c) A judicial determination that the partner has otherwise become incapable of performing the partner's duties under the partnership agreement;

(8) In the case of a partner that is a trust or is acting as a partner by virtue of being a trustee of a trust, distribution of the trust's entire transferable interest in the partnership, but

not merely by reason of the substitution of a successor trustee;

(9) In the case of a partner that is an estate or is acting as a partner by virtue of being a personal representative of an estate, distribution of the estate's entire transferable interest in the partnership, but not merely by reason of the substitution of a successor personal representative; or

(10) Termination of a partner who is not an individual, partnership, corporation, limited liability company, trust, or estate. [2000 c 169 § 11; 1998 c 103 § 601.]

25.05.230 Partner's power to dissociate—Wrongful dissociation. (1) A partner has the power to dissociate at any time, rightfully or wrongfully, by express will pursuant to RCW 25.05.225(1).

(2) A partner's dissociation is wrongful only if:

(a) It is in breach of an express provision of the partnership agreement; or

(b) In the case of a partnership for a definite term or particular undertaking, before the expiration of the term or the completion of the undertaking:

(i) The partner withdraws by express will, unless the withdrawal follows within ninety days after another partner's dissociation by death or otherwise under RCW 25.05.225 (6) through (10) or wrongful dissociation under this subsection;

(ii) The partner is expelled by judicial determination under RCW 25.05.225(5);

(iii) The partner is dissociated as the result of an event described in RCW 25.05.225(6); or

(iv) In the case of a partner who is not an individual, trust other than a business trust, or estate, the partner is expelled or otherwise dissociated because it willfully dissolved or terminated.

(3) A partner who wrongfully dissociates is liable to the partnership and to the other partners for damages caused by the dissociation. The liability is in addition to any other obligation of the partner to the partnership or to the other partners. [1998 c 103 § 602.]

25.05.235 Effect of partner's dissociation. (1) If a partner's dissociation results in a dissolution and winding up of the partnership business, article 8 of this chapter applies; otherwise, article 7 of this chapter applies.

(2) Upon a partner's dissociation:

(a) The partner's right to participate in the management and conduct of the partnership business terminates, except as otherwise provided in RCW 25.05.310;

(b) The partner's duty of loyalty under RCW 25.05.165(2)(c) terminates; and

(c) The partner's duty of loyalty under RCW 25.05.165(2) (a) and (b) and duty of care under RCW 25.05.165(3) continue only with regard to matters arising and events occurring before the partner's dissociation, unless the partner participates in winding up the partnership's business pursuant to RCW 25.05.310. [1998 c 103 § 603.]

(2020 Ed.)

ARTICLE 7
PARTNER'S DISSOCIATION WHEN BUSINESS NOT
WOUND UP

25.05.250 Purchase of dissociated partner's interest.

(1) If a partner is dissociated from a partnership without resulting in a dissolution and winding up of the partnership business under RCW 25.05.300, the partnership shall cause the dissociated partner's interest in the partnership to be purchased for a buyout price determined pursuant to subsection (2) of this section.

(2) The buyout price of a dissociated partner's interest is the amount that would have been distributable to the dissociating partner under RCW 25.05.330(2) if, on the date of dissociation, the assets of the partnership were sold at a price equal to the greater of the liquidation value or the value based on a sale of the entire business as a going concern without the dissociated partner and the partnership were wound up as of that date. Interest must be paid from the date of dissociation to the date of payment.

(3) Damages for wrongful dissociation under RCW 25.05.230(2), and all other amounts owing, whether or not presently due, from the dissociated partner to the partnership, must be offset against the buyout price. Interest must be paid from the date the amount owed becomes due to the date of payment.

(4) A partnership shall indemnify a dissociated partner whose interest is being purchased against all partnership liabilities, whether incurred before or after the dissociation, except liabilities incurred by an act of the dissociated partner under RCW 25.05.255.

(5) If no agreement for the purchase of a dissociated partner's interest is reached within one hundred twenty days after a written demand for payment, the partnership shall pay, or cause to be paid, in cash to the dissociated partner the amount the partnership estimates to be the buyout price and accrued interest, reduced by any offsets and accrued interest under subsection (3) of this section.

(6) If a deferred payment is authorized under subsection (8) of this section, the partnership may tender a written offer to pay the amount it estimates to be the buyout price and accrued interest, reduced by any offsets under subsection (3) of this section, stating the time of payment, the amount and type of security for payment, and the other terms and conditions of the obligation.

(7) The payment or tender required by subsection (5) or (6) of this section must be accompanied by the following:

(a) A statement of partnership assets and liabilities as of the date of dissociation;

(b) The latest available partnership balance sheet and income statement, if any;

(c) An explanation of how the estimated amount of the payment was calculated; and

(d) Written notice that the payment is in full satisfaction of the obligation to purchase unless, within one hundred twenty days after the written notice, the dissociated partner commences an action to determine the buyout price, any offsets under subsection (3) of this section, or other terms of the obligation to purchase.

(8) A partner who wrongfully dissociates before the expiration of a definite term or the completion of a particular

undertaking is not entitled to payment of any portion of the buyout price until the expiration of the term or completion of the undertaking, unless the partner establishes to the satisfaction of the court that earlier payment will not cause undue hardship to the business of the partnership. A deferred payment must be adequately secured and bear interest.

(9) A dissociated partner may maintain an action against the partnership, pursuant to RCW 25.05.170(2)(b)(ii), to determine the buyout price of that partner's interest, any offsets under subsection (3) of this section, or other terms of the obligation to purchase. The action must be commenced within one hundred twenty days after the partnership has tendered payment or an offer to pay or within one year after written demand for payment if no payment or offer to pay is tendered. The court shall determine the buyout price of the dissociated partner's interest, any offset due under subsection (3) of this section, and accrued interest, and enter judgment for any additional payment or refund. If deferred payment is authorized under subsection (8) of this section, the court shall also determine the security for payment and other terms of the obligation to purchase. The court may assess reasonable attorneys' fees and the fees and expenses of appraisers or other experts for a party to the action, in amounts the court finds equitable, against a party that the court finds acted arbitrarily, vexatiously, or not in good faith. The finding may be based on the partnership's failure to tender payment or an offer to pay or to comply with subsection (7) of this section. [1998 c 103 § 701.]

25.05.255 Dissociated partner's power to bind and liability to partnership. (1) For two years after a partner dissociates without resulting in a dissolution and winding up of the partnership business, the partnership, including a surviving partnership under article 9 of this chapter, is bound by an act of the dissociated partner which would have bound the partnership under RCW 25.05.100 before dissociation only if at the time of entering into the transaction the other party:

- (a) Reasonably believed that the dissociated partner was then a partner;
- (b) Did not have notice of the partner's dissociation; and
- (c) Is not deemed to have had knowledge under RCW 25.05.110(3) or notice under RCW 25.05.265(3).

(2) A dissociated partner is liable to the partnership for any damage caused to the partnership arising from an obligation incurred by the dissociated partner after dissociation for which the partnership is liable under subsection (1) of this section. [1998 c 103 § 702.]

25.05.260 Dissociated partner's liability to other persons. (1) A partner's dissociation does not of itself discharge the partner's liability for a partnership obligation incurred before dissociation. A dissociated partner is not liable for a partnership obligation incurred after dissociation, except as otherwise provided in subsection (2) of this section.

(2) A partner who dissociates without resulting in a dissolution and winding up of the partnership business is liable as a partner to the other party in a transaction entered into by the partnership, or a surviving partnership under article 9 of this chapter, within two years after the partner's dissociation, only if the partner is liable for the obligation under RCW

25.05.125 and at the time of entering into the transaction the other party:

- (a) Reasonably believed that the dissociated partner was then a partner;
 - (b) Did not have notice of the partner's dissociation; and
 - (c) Is not deemed to have had knowledge under RCW 25.05.110(3) or notice under RCW 25.05.265(3).
- (3) By agreement with the partnership creditor and the partners continuing the business, a dissociated partner may be released from liability for a partnership obligation.
- (4) A dissociated partner is released from liability for a partnership obligation if a partnership creditor, with notice of the partner's dissociation but without the partner's consent, agrees to a material alteration in the nature or time of payment of a partnership obligation. [1998 c 103 § 703.]

25.05.265 Statement of dissociation. (1) A dissociated partner or the partnership may file a statement of dissociation stating the name of the partnership and that the partner is dissociated from the partnership.

(2) A statement of dissociation is a limitation on the authority of a dissociated partner for the purposes of RCW 25.05.110 (2) and (3).

(3) For the purposes of RCW 25.05.255(1)(c) and 25.05.260(2)(c), a person not a partner is deemed to have notice of the dissociation ninety days after the statement of dissociation is filed. [1998 c 103 § 704.]

25.05.270 Continued use of partnership name. Continued use of a partnership name, or a dissociated partner's name as part thereof, by partners continuing the business does not of itself make the dissociated partner liable for an obligation of the partners or the partnership continuing the business. [1998 c 103 § 705.]

ARTICLE 8 WINDING UP PARTNERSHIP BUSINESS

25.05.300 Events causing dissolution and winding up of partnership business. A partnership is dissolved, and its business must be wound up, only upon the occurrence of any of the following events:

(1) In a partnership at will, the partnership's having notice from a partner, other than a partner who is dissociated under RCW 25.05.225 (2) through (10), of that partner's express will to withdraw as a partner, or on a later date specified by the partner;

(2) In a partnership for a definite term or particular undertaking:

(a) Within ninety days after a partner's dissociation by death or otherwise under RCW 25.05.225 (6) through (10) or wrongful dissociation under RCW 25.05.230(2) if a majority of the remaining partners decide to wind up the partnership business, and for purposes of this subsection a partner's rightful dissociation pursuant to RCW 25.05.230(2)(b)(i) constitutes the expression of that partner's will to wind up the partnership business;

(b) The express will of all of the partners to wind up the partnership business; or

(c) The expiration of the term or the completion of the undertaking;

(3) An event agreed to in the partnership agreement resulting in the winding up of the partnership business;

(4) An event that makes it unlawful for all or substantially all of the business of the partnership to be continued, but a cure of illegality within ninety days after notice to the partnership of the event is effective retroactively to the date of the event for purposes of this section;

(5) On application by a partner, a judicial determination that:

(a) The economic purpose of the partnership is likely to be unreasonably frustrated;

(b) Another partner has engaged in conduct relating to the partnership business which makes it not reasonably practicable to carry on the business in partnership with that partner; or

(c) It is not otherwise reasonably practicable to carry on the partnership business in conformity with the partnership agreement; or

(6) On application by a transferee of a partner's transferable interest, a judicial determination that it is equitable to wind up the partnership business:

(a) After the expiration of the term or completion of the undertaking, if the partnership was for a definite term or particular undertaking at the time of the transfer or entry of the charging order that gave rise to the transfer; or

(b) At any time, if the partnership was a partnership at will at the time of the transfer or entry of the charging order that gave rise to the transfer. [1998 c 103 § 801.]

25.05.305 Partnership continues after dissolution.

(1) Subject to subsection (2) of this section, a partnership continues after dissolution only for the purpose of winding up its business. The partnership is terminated when the winding up of its business is completed.

(2) At any time after the dissolution of a partnership and before the winding up of its business is completed, all of the partners, including any dissociating partner other than a wrongfully dissociating partner, may waive the right to have the partnership's business wound up and the partnership terminated. In that event:

(a) The partnership resumes carrying on its business as if dissolution had never occurred, and any liability incurred by the partnership or a partner after the dissolution and before the waiver is determined as if dissolution had never occurred; and

(b) The rights of a third party accruing under RCW 25.05.315(1) or arising out of conduct in reliance on the dissolution before the third party knew or received a notification of the waiver may not be adversely affected. [1998 c 103 § 802.]

25.05.310 Right to wind up partnership business.

(1) After dissolution, a partner who has not wrongfully dissociated may participate in winding up the partnership's business, but on application of any partner, partner's legal representative, or transferee, the superior court, for good cause shown, may order judicial supervision of the winding up.

(2) The legal representative of the last surviving partner may wind up a partnership's business.

(3) A person winding up a partnership's business may preserve the partnership business or property as a going con-

cern for a reasonable time, prosecute and defend actions and proceedings, whether civil, criminal, or administrative, settle and close the partnership's business, dispose of and transfer the partnership's property, discharge the partnership's liabilities, distribute the assets of the partnership pursuant to RCW 25.05.330, settle disputes by mediation or arbitration, and perform other necessary acts. [1998 c 103 § 803.]

25.05.315 Partner's power to bind partnership after dissolution. Subject to RCW 25.05.320, a partnership is bound by a partner's act after dissolution that:

(1) Is appropriate for winding up the partnership business; or

(2) Would have bound the partnership under RCW 25.05.100 before dissolution, if the other party to the transaction did not have notice of the dissolution. [1998 c 103 § 804.]

25.05.320 Statement of dissolution. (1) After dissolution, a partner who has not wrongfully dissociated may file a statement of dissolution stating the name of the partnership and that the partnership has dissolved and is winding up its business.

(2) A statement of dissolution cancels all previously filed statements of partnership authority.

(3) For the purposes of RCW 25.05.100 and 25.05.315, a person not a partner is deemed to have notice of the dissolution and the limitation on the partners' authority as a result of the statement of dissolution ninety days after it is filed.

(4) After filing a statement of dissolution, a dissolved partnership may file a statement of partnership authority which will operate with respect to a person not a partner as provided in RCW 25.05.110 (2) and (3) in any transaction, whether or not the transaction is appropriate for winding up the partnership business. [1998 c 103 § 805.]

25.05.325 Partner's liability to other partners after dissolution. (1) Except as otherwise provided in subsection (2) of this section, after dissolution a partner is liable to the other partners for the partner's share of any partnership liability incurred under RCW 25.05.315.

(2) A partner who, with knowledge of the dissolution, incurs a partnership liability under RCW 25.05.315(2) by an act that is not appropriate for winding up the partnership business is liable to the partnership for any damage caused to the partnership arising from the liability. [1998 c 103 § 806.]

25.05.330 Settlement of accounts and contributions among partners.

(1) In winding up a partnership's business, the assets of the partnership, including the contributions of the partners required by this section, must be applied to discharge its obligations to creditors, including, to the extent permitted by law, partners who are creditors. Any surplus must be applied to pay in cash the net amount distributable to partners in accordance with their right to distributions under subsection (2) of this section.

(2) Each partner is entitled to a settlement of all partnership accounts upon winding up the partnership business. In settling accounts among the partners, profits and losses that result from the liquidation of the partnership assets must be credited and charged to the partners' accounts. The partner-

ship shall make a distribution to a partner in an amount equal to any excess of the credits over the charges in the partner's account. A partner shall contribute to the partnership an amount equal to any excess of the charges over the credits in the partner's account, except, in the case of a limited liability partnership the partner shall make such contribution only to the extent of his or her share of any unpaid partnership obligations for which the partner has personal liability under RCW 25.05.125.

(3) If a partner fails to contribute the full amount required under subsection (2) of this section, all of the other partners shall contribute, in the proportions in which those partners share partnership losses, the additional amount necessary to satisfy the partnership obligations for which they are personally liable under RCW 25.05.125. A partner or partner's legal representative may recover from the other partners any contributions the partner makes to the extent the amount contributed exceeds that partner's share of the partnership obligations for which the partner is personally liable under RCW 25.05.125.

(4) After the settlement of accounts, each partner shall contribute, in the proportion in which the partner shares partnership losses, the amount necessary to satisfy partnership obligations that were not known at the time of the settlement and for which the partner is personally liable under RCW 25.05.125.

(5) The estate of a deceased partner is liable for the partner's obligation to contribute to the partnership.

(6) An assignee for the benefit of creditors of a partnership or a partner, or a person appointed by a court to represent creditors of a partnership or a partner, may enforce a partner's obligation to contribute to the partnership. [1998 c 103 § 807.]

ARTICLE 9 CONVERSIONS AND MERGERS

25.05.350 Definitions. The definitions in this article [section] apply throughout this article unless the context clearly requires otherwise:

(1) "General partner" means a partner in a partnership and a general partner in a limited partnership.

(2) "Limited partner" means a limited partner in a limited partnership.

(3) "Limited partnership" means a limited partnership created under the Washington uniform limited partnership act, predecessor law, or comparable law of another jurisdiction.

(4) "Partner" includes both a general partner and a limited partner. [1998 c 103 § 901.]

25.05.355 Conversion of partnership to limited partnership. (1) A partnership may be converted to a limited partnership pursuant to this section.

(2) The terms and conditions of a conversion of a partnership to a limited partnership must be approved by all of the partners or by a number or percentage specified for conversion in the partnership agreement.

(3) After the conversion is approved by the partners, the partnership shall file a certificate of limited partnership in the

jurisdiction in which the limited partnership is to be formed. The certificate must include:

(a) A statement that the partnership was converted to a limited partnership from a partnership;

(b) Its former name; and

(c) A statement of the number of votes cast by the partners for and against the conversion and, if the vote is less than unanimous, the number or percentage required to approve the conversion under the partnership agreement.

(4) If the partnership was converted to a domestic limited partnership, the certificate must also include:

(a) The name of the limited partnership;

(b) The address of the office for records and the name and address of the registered agent for service of process designated in accordance with Article 4 of chapter 23.95 RCW;

(c) The name and the geographical and mailing address of each general partner;

(d) The latest date upon which the limited partnership is to dissolve; and

(e) Any other matters the general partners determine to include therein.

(5) The conversion takes effect when the certificate of limited partnership is filed or at any later date specified in the certificate in accordance with RCW 23.95.210.

(6) A general partner who becomes a limited partner as a result of the conversion remains liable as a general partner for an obligation incurred by the partnership before the conversion takes effect. If the other party to a transaction with the limited partnership reasonably believes when entering the transaction that the limited partner is a general partner, the limited partner is liable for an obligation incurred by the limited partnership within ninety days after the conversion takes effect. The limited partner's liability for all other obligations of the limited partnership incurred after the conversion takes effect is that of a limited partner as provided in the Washington uniform limited partnership act. [2015 c 176 § 5105; 2009 c 188 § 1405; 1998 c 103 § 902.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Additional notes found at www.leg.wa.gov

25.05.360 Conversion of limited partnership to partnership. (1) A limited partnership may be converted to a partnership pursuant to this section.

(2) Notwithstanding a provision to the contrary in a limited partnership agreement, the terms and conditions of a conversion of a limited partnership to a partnership must be approved by all of the partners.

(3) After the conversion is approved by the partners, the limited partnership shall cancel its certificate of limited partnership.

(4) The conversion takes effect when the certificate of limited partnership is canceled.

(5) A limited partner who becomes a general partner as a result of the conversion remains liable only as a limited partner for an obligation incurred by the limited partnership before the conversion takes effect. Except as otherwise provided in RCW 25.05.125, the partner is liable as a general partner for an obligation of the partnership incurred after the conversion takes effect. [1998 c 103 § 903.]

25.05.365 Effect of conversion—Entity unchanged.

(1) A partnership or limited partnership that has been converted pursuant to this article is for all purposes the same entity that existed before the conversion.

(2) When a conversion takes effect:

(a) All property owned by the converting partnership or limited partnership remains vested in the converted entity;

(b) All obligations of the converting partnership or limited partnership continue as obligations of the converted entity; and

(c) An action or proceeding pending against the converting partnership or limited partnership may be continued as if the conversion had not occurred. [1998 c 103 § 904.]

25.05.370 Merger of partnerships. (1) One or more domestic partnerships may merge with one or more domestic partnerships, domestic limited partnerships, domestic limited liability companies, or domestic corporations pursuant to a plan of merger approved or adopted as provided in RCW 25.05.375.

(2) The plan of merger must set forth:

(a) The name of each partnership, limited liability company, limited partnership, and corporation planning to merge and the name of the surviving partnership, limited liability company, limited partnership, or corporation into which the other partnership, limited liability company, limited partnership, or corporation plans to merge;

(b) The terms and conditions of the merger; and

(c) The manner and basis of converting the interests of each member of each limited liability company, the partnership interests in each partnership and each limited partnership, and the shares of each corporation party to the merger into the interests, shares, obligations, or other securities of the surviving or any other partnership, limited liability company, limited partnership, or corporation or into cash or other property in whole or part.

(3) The plan of merger may set forth:

(a) Amendments to the certificate of formation of the surviving limited liability company;

(b) Amendments to the certificate of limited partnership of the surviving limited partnership;

(c) Amendments to the articles of incorporation of the surviving corporation; and

(d) Other provisions relating to the merger.

(4) If the plan of merger does not specify a delayed effective date, it shall become effective upon the filing of articles of merger as provided in RCW 23.95.210. A plan of merger may specify a delayed effective time and date in accordance with RCW 23.95.210. [2015 c 176 § 5106; 1998 c 103 § 905.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.05.375 Merger—Plan—Approval. (1) Unless otherwise provided in the partnership agreement, approval of a plan of merger by a domestic partnership party to the merger shall occur when the plan is approved by all of the partners.

(2) If a domestic limited partnership is a party to the merger, the plan of merger shall be adopted and approved as provided in RCW 25.10.781.

(3) If a domestic limited liability company is a party to the merger, the plan of merger shall be adopted and approved as provided in RCW 25.15.421.

(4) If a domestic corporation is a party to the merger, the plan of merger shall be adopted and approved as provided in chapter 23B.11 RCW. [2015 c 188 § 113; 2009 c 188 § 1406; 1998 c 103 § 906.]

Effective date—2015 c 188: See RCW 25.15.903.

Additional notes found at www.leg.wa.gov

25.05.380 Articles of merger—Filing. (1) Except as otherwise provided in subsection (2) of this section, after a plan of merger is approved or adopted, the surviving partnership, limited liability company, limited partnership, or corporation shall deliver to the secretary of state for filing articles of merger setting forth:

(a) The plan of merger;

(b) If the approval of any partners, members, or shareholders of one or more partnerships, limited liability companies, limited partnerships, or corporations party to the merger was not required, a statement to that effect; or

(c) If the approval of any partners, members, or shareholders of one or more of the partnerships, limited liability companies, limited partnerships, or corporations party to the merger was required, a statement that the merger was duly approved by such members, partners, and shareholders pursuant to RCW 25.15.421, RCW 25.05.375, or chapter 23B.11 RCW.

(2) If the merger involves only two or more partnerships and one or more of such partnerships has filed a statement of partnership authority with the secretary of state, the surviving partnership shall file articles of merger as provided in subsection (1) of this section. [2015 c 188 § 114; 1998 c 103 § 907.]

Effective date—2015 c 188: See RCW 25.15.903.

25.05.385 Effect of merger. (1) When a merger takes effect:

(a) Every other partnership, limited liability company, limited partnership, or corporation that is party to the merger merges into the surviving partnership, limited liability company, limited partnership, or corporation and the separate existence of every partnership, limited liability company, limited partnership, or corporation except the surviving partnership, limited liability company, limited partnership, or corporation ceases;

(b) The title to all real estate and other property owned by each partnership, limited liability company, limited partnership, and corporation party to the merger is vested in the surviving partnership, limited liability company, limited partnership, or corporation without reversion or impairment;

(c) The surviving partnership, limited liability company, limited partnership, or corporation has all liabilities of each partnership, limited liability company, limited partnership, and corporation that is party to the merger;

(d) A proceeding pending against any partnership, limited liability company, limited partnership, or corporation that is party to the merger may be continued as if the merger did not occur or the surviving partnership, limited liability company, limited partnership, or corporation may be substituted in the proceeding for the partnership, limited liability

company, limited partnership, or corporation whose existence ceased;

(e) The certificate of formation of the surviving limited liability company is amended to the extent provided in the plan of merger;

(f) The partnership agreement of the surviving limited partnership is amended to the extent provided in the plan of merger;

(g) The articles of incorporation of the surviving corporation are amended to the extent provided in the plan of merger; and

(h) The former members of every limited liability company party to the merger, the former holders of the partnership interests of every domestic partnership or limited partnership that is party to the merger, and the former holders of the shares of every domestic corporation that is party to the merger are entitled only to the rights provided in the plan of merger, or to their rights under this article, to their rights under RCW 25.10.831 through 25.10.886, or to their rights under chapter 23B.13 RCW.

(2) Unless otherwise agreed, a merger of a domestic partnership, including a domestic partnership which is not the surviving entity in the merger, shall not require the domestic partnership to wind up its affairs under article 8 of this chapter.

(3) Unless otherwise agreed, a merger of a domestic limited partnership, including a domestic limited partnership which is not the surviving entity in the merger, shall not require the domestic limited partnership to wind up its affairs under RCW 25.10.581 or pay its liabilities and distribute its assets under RCW 25.10.621.

(4) Unless otherwise agreed, a merger of a domestic limited liability company, including a domestic limited liability company which is not the surviving entity in the merger, shall not require the domestic limited liability company to wind up its affairs under RCW 25.15.297 or pay its liabilities and distribute its assets under RCW 25.15.305. [2015 c 188 § 115; 2009 c 188 § 1407; 1998 c 103 § 908.]

Effective date—2015 c 188: See RCW 25.15.903.

Additional notes found at www.leg.wa.gov

25.05.390 Merger—Foreign and domestic. (1) One or more foreign partnerships, foreign limited liability companies, foreign limited partnerships, and foreign corporations may merge with one or more domestic partnerships, domestic limited liability companies, domestic limited partnerships, or domestic corporations if:

(a) The merger is permitted by the law of the jurisdiction under which each foreign partnership was organized, each foreign limited liability company was formed, each foreign limited partnership was organized, and each foreign corporation was incorporated, and each foreign partnership, foreign limited liability company, foreign limited partnership, and foreign corporation complies with that law in effecting the merger;

(b) The surviving entity complies with RCW 25.05.380;

(c) Each domestic limited liability company complies with RCW 25.15.421;

(d) Each domestic limited partnership complies with RCW 25.10.781; and

(e) Each domestic corporation complies with RCW 23B.11.080.

(2) Upon the merger taking effect, a surviving foreign limited liability company, limited partnership, or corporation may be served with process in accordance with RCW 23.95.450 in a proceeding to enforce any obligation or the rights of dissenting members, partners, or shareholders of each domestic limited liability company, domestic limited partnership, or domestic corporation party to the merger. [2015 c 188 § 116; 2015 c 176 § 5107; 2009 c 188 § 1408; 1998 c 103 § 909.]

Reviser's note: This section was amended by 2015 c 176 § 5107 and by 2015 c 188 § 116, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

Effective date—2015 c 188: See RCW 25.15.903.

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Additional notes found at www.leg.wa.gov

25.05.395 Nonexclusive. This article is not exclusive. Partnerships, limited partnerships, limited liability companies, or corporations may be converted or merged in any other manner provided by law. [1998 c 103 § 910.]

ARTICLE 10 DISSENTERS' RIGHTS

25.05.420 Definitions. The definitions in this section apply throughout this article, unless the context clearly requires otherwise.

(1) "Partnership" means the domestic partnership in which the dissenter holds or held a partnership interest, or the surviving partnership, limited liability company, limited partnership, or corporation by merger, whether foreign or domestic, of that partnership.

(2) "Dissenter" means a partner who is entitled to dissent from a plan of merger and who exercises that right when and in the manner required by this article.

(3) "Fair value," with respect to a dissenter's partnership interest, means the value of the partner's interest immediately before the effectuation of the merger to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the merger unless exclusion would be inequitable.

(4) "Interest" means interest from the effective date of the merger until the date of payment, at the average rate currently paid by the partnership on its principal bank loans or, if none, at a rate that is fair and equitable under all the circumstances. [1998 c 103 § 1001.]

25.05.425 Partner—Dissent—Payment of fair value.

(1) Except as provided in RCW 25.05.435 or 25.05.445(2), a partner in a domestic partnership is entitled to dissent from, and obtain payment of the fair value of the partner's interest in a partnership in the event of consummation of a plan of merger to which the partnership is a party as permitted by RCW 25.05.370 or 25.05.390.

(2) A partner entitled to dissent and obtain payment for the partner's interest in a partnership under this article may not challenge the merger creating the partner's entitlement unless the merger fails to comply with the procedural require-

ments imposed by this title, Title 23B RCW, RCW 25.10.776 through 25.10.796, or 25.15.471, as applicable, or the partnership agreement, or is fraudulent with respect to the partner or the partnership.

(3) The right of a dissenting partner in a partnership to obtain payment of the fair value of the partner's interest in the partnership shall terminate upon the occurrence of any one of the following events:

(a) The proposed merger is abandoned or rescinded;

(b) A court having jurisdiction permanently enjoins or sets aside the merger; or

(c) The partner's demand for payment is withdrawn with the written consent of the partnership. [2015 c 188 § 117; 2009 c 188 § 1409; 1998 c 103 § 1002.]

Effective date—2015 c 188: See RCW 25.15.903.

Additional notes found at www.leg.wa.gov

25.05.430 Dissenters' rights—Notice—Timing. (1) Not less than ten days prior to the approval of a plan of merger, the partnership must send a written notice to all partners who are entitled to vote on or approve the plan of merger that they may be entitled to assert dissenters' rights under this article. Such notice shall be accompanied by a copy of this article.

(2) The partnership shall notify in writing all partners not entitled to vote on or approve the plan of merger that the plan of merger was approved, and send them the dissenters' notice as required by RCW 25.05.440. [1998 c 103 § 1003.]

25.05.435 Partner—Dissent—Voting restriction. A partner of a partnership who is entitled to vote on or approve the plan of merger and who wishes to assert dissenters' rights must not vote in favor of or approve the plan of merger. A partner who does not satisfy the requirements of this section is not entitled to payment for the partner's interest in the partnership under this article. [1998 c 103 § 1004.]

25.05.440 Partners—Dissenters' notice—Requirements. (1) If the plan of merger is approved, the partnership shall deliver a written dissenters' notice to all partners who satisfied the requirements of RCW 25.05.435.

(2) The dissenters' notice required by RCW 25.05.430(2) or by subsection (1) of this section must be sent within ten days after the approval of the plan of merger, and must:

(a) State where the payment demand must be sent;

(b) Inform partners as to the extent transfer of the partner's interest in the partnership will be restricted as permitted by RCW 25.05.450 after the payment demand is received;

(c) Supply a form for demanding payment;

(d) Set a date by which the partnership must receive the payment demand, which date may not be fewer than thirty nor more than sixty days after the date the notice under this section is delivered; and

(e) Be accompanied by a copy of this article. [1998 c 103 § 1005.]

25.05.445 Partner—Payment demand—Entitlement. (1) A partner who demands payment retains all other rights of a partner in the partnership until the proposed merger becomes effective.

(2) A partner in a partnership sent a dissenters' notice who does not demand payment by the date set in the dissenters' notice is not entitled to payment for the partner's interest in the partnership under this article. [1998 c 103 § 1006.]

25.05.450 Partners' interests—Transfer restriction. The partnership agreement may restrict the transfer of partners' interests in the partnership from the date the demand for their payment is received until the proposed merger becomes effective or the restriction is released under this article. [1998 c 103 § 1007.]

25.05.455 Payment of fair value—Requirements for compliance. (1) Within thirty days of the later of the date the proposed merger becomes effective, or the payment demand is received, the partnership shall pay each dissenter who complied with RCW 25.05.445 the amount the partnership estimates to be the fair value of the dissenting partner's interest in the partnership, plus accrued interest.

(2) The payment must be accompanied by:

(a) Copies of the financial statements for the partnership for its most recent fiscal year;

(b) An explanation of how the partnership estimated the fair value of the partner's interest in the partnership;

(c) An explanation of how the accrued interest was calculated;

(d) A statement of the dissenter's right to demand payment; and

(e) A copy of this article. [1998 c 103 § 1008.]

25.05.460 Merger—Not effective within sixty days—Transfer restrictions. (1) If the proposed merger does not become effective within sixty days after the date set for demanding payment, the partnership shall release any transfer restrictions imposed as permitted by RCW 25.05.450.

(2) If, after releasing transfer restrictions, the proposed merger becomes effective, the partnership must send a new dissenters' notice as provided in RCW 25.05.430(2) and 25.05.440 and repeat the payment demand procedure. [1998 c 103 § 1009.]

25.05.465 Dissenter's estimate of fair value—Notice. (1) A dissenting partner may notify the partnership in writing of the dissenter's own estimate of the fair value of the dissenter's interest in the partnership, and amount of interest due, and demand payment of the dissenter's estimate, less any payment under RCW 25.05.460, if:

(a) The dissenter believes that the amount paid is less than the fair value of the dissenter's interest in the partnership, or that the interest due is incorrectly calculated;

(b) The partnership fails to make payment within sixty days after the date set for demanding payment; or

(c) The partnership, having failed to effectuate the proposed merger, does not release the transfer restrictions imposed on the partners' interests as permitted by RCW 25.05.450 within sixty days after the date set for demanding payment.

(2) A dissenter waives the right to demand payment under this section unless the dissenter notifies the partnership of the dissenter's demand in writing under subsection (1) of this section within thirty days after the partnership made pay-

ment for the dissenter's interest in the partnership. [1998 c 103 § 1010.]

25.05.470 Unsettled demand for payment—Proceeding—Parties—Appraisers. (1) If a demand for payment under RCW 25.05.445 remains unsettled, the partnership shall commence a proceeding within sixty days after receiving the payment demand and petition the court to determine the fair value of the dissenting partner's interest in the partnership, and accrued interest. If the partnership does not commence the proceeding within the sixty-day period, it shall pay each dissenter whose demand remains unsettled the amount demanded.

(2) The partnership shall commence the proceeding in the superior court. If the partnership is a domestic partnership, it shall commence the proceeding in the county where its chief executive office is maintained.

(3) The partnership shall make all dissenters, whether or not residents of this state, whose demands remain unsettled parties to the proceeding as in an action against their partnership interests in the partnership and all parties must be served with a copy of the petition. Nonresidents may be served by registered or certified mail or by publication as provided by law.

(4) The partnership may join as a party to the proceeding any partner who claims to be a dissenter but who has not, in the opinion of the partnership, complied with the provisions of this article. If the court determines that such partner has not complied with the provisions of this article, the partner shall be dismissed as a party.

(5) The jurisdiction of the court in which the proceeding is commenced is plenary and exclusive. The court may appoint one or more persons as appraisers to receive evidence and recommend decisions on the question of fair value. The appraisers have the powers described in the order appointing them or in any amendment to it. The dissenters are entitled to the same discovery rights as parties in other civil proceedings.

(6) Each dissenter made a party to the proceeding is entitled to judgment for the amount, if any, by which the court finds the fair value of the dissenter's partnership interest in the partnership, plus interest, exceeds the amount paid by the partnership. [1998 c 103 § 1011.]

25.05.475 Unsettled demand for payment—Costs—Fees and expenses of counsel. (1) The court in a proceeding commenced under RCW 25.05.470 shall determine all costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court. The court shall assess the costs against the partnership, except that the court may assess the costs against all or some of the dissenters, in amounts the court finds equitable, to the extent the court finds the dissenters acted arbitrarily, vexatiously, or not in good faith in demanding payment.

(2) The court may also assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable:

(a) Against the partnership and in favor of any or all dissenters if the court finds the partnership did not substantially comply with the requirements of this article; or

(b) Against either the partnership or a dissenter, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this article.

(3) If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated, and that the fees for those services should not be assessed against the partnership, the court may award to these counsel reasonable fees to be paid out of the amounts awarded to the dissenters who were benefited. [1998 c 103 § 1012.]

ARTICLE 11 LIMITED LIABILITY PARTNERSHIP

25.05.500 Formation—Registration—Application—Registered agent—Fee. (1) A partnership which is not a limited liability partnership on June 11, 1998, may become a limited liability partnership upon the approval of the terms and conditions upon which it becomes a limited liability partnership by the vote necessary to amend the partnership agreement except, in the case of a partnership agreement that expressly considers obligations to contribute to the partnership, the vote necessary to amend those provisions, and by delivering to the secretary of state for filing the applications required by subsection (2) of this section. A partnership which is a limited liability partnership on June 11, 1998, continues as a limited liability partnership under this chapter.

(2)(a) To become and to continue as a limited liability partnership, a partnership must deliver to the secretary of state for filing an application stating the name of the partnership; the address of its principal office; the name and address of a registered agent for service of process in this state which the partnership will be required to continuously maintain in accordance with Article 4 of chapter 23.95 RCW; the number of partners; a brief statement of the business in which the partnership engages; any other matters that the partnership determines to include; and that the partnership thereby applies for status as a limited liability partnership.

(b) A registered agent for service of process under (a) of this subsection may be any person authorized under Article 4 of chapter 23.95 RCW to serve as registered agent.

(3) The application must be accompanied by a fee for each partnership as established by the secretary of state under RCW 23.95.260.

(4) The secretary of state must register as a limited liability partnership any partnership that submits a completed application with the required fee.

(5) A partnership registered under this section must pay an annual fee, in each year following the year in which its application is filed, on a date and in an amount specified by the secretary of state under RCW 23.95.260. The fee must be accompanied by an annual report pursuant to RCW 23.95.255(2).

(6) Registration is effective as specified in RCW 23.95.210, and remains effective until:

(a) It is voluntarily withdrawn by delivering to the secretary of state for filing a written withdrawal notice executed by a majority of the partners or by one or more partners or other persons authorized to execute a withdrawal notice; or

(b) Thirty days after receipt by the partnership of a notice from the secretary of state, which notice must be sent by first-class mail, postage prepaid, that the partnership has failed to make timely payment of the annual fee specified in subsection (5) of this section, unless the fee is paid within such a thirty-day period.

(7) The status of a partnership as a limited liability partnership, and the liability of the partners thereof, is not affected by: (a) Errors in the information stated in an application under subsection (2) of this section or a notice under subsection (6) of this section; or (b) changes after the filing of such an application or notice in the information stated in the application or notice. [2017 c 31 § 5; 2015 c 176 § 5108; 2010 1st sp.s. c 29 § 5; 2009 c 437 § 4; 1998 c 103 § 1101.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

Intent—2010 1st sp.s. c 29: See note following RCW 24.03.405.

25.05.505 Name. The name of a limited liability partnership must comply with Article 3 of chapter 23.95 RCW. [2015 c 176 § 5109; 1998 c 103 § 1102.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.05.510 Rendering professional services. (1) A person or group of persons licensed or otherwise legally authorized to render professional services, as defined in RCW 18.100.030, within this state may organize and become a member or members of a limited liability partnership under the provisions of this chapter for the purposes of rendering professional service. Nothing in this section prohibits a person duly licensed or otherwise legally authorized to render professional services in any jurisdiction other than this state from becoming a member of a limited liability partnership organized for the purpose of rendering the same professional services. Nothing in this section prohibits a limited liability partnership from rendering professional services outside this state through individuals who are not duly licensed or otherwise legally authorized to render such professional services within this state.

(2)(a) Notwithstanding any other provision of this chapter, health care professionals who are licensed or certified pursuant to chapters 18.06, 18.225, 18.22, 18.25, 18.29, 18.34, 18.35, 18.36A, 18.50, 18.53, 18.55, 18.64, 18.79, 18.83, 18.89, 18.108, and 18.138 RCW may join and render their individual professional services through one limited liability partnership and are to be considered, for the purpose of forming a limited liability partnership, as rendering the "same specific professional services" or "same professional services" or similar terms.

(b) Notwithstanding any other provision of this chapter, health care professionals who are licensed pursuant to chapters 18.57 and 18.71 RCW may join and render their individual professional services through one limited liability partnership and are to be considered, for the purpose of forming a limited liability partnership, as rendering the "same specific professional services" or "same professional services" or similar terms.

(c) Formation of a limited liability partnership under this subsection does not restrict the application of the uniform disciplinary act under chapter 18.130 RCW, or any applica-

ble health care professional statutes under Title 18 RCW, including but not limited to restrictions on persons practicing a health profession without being appropriately credentialed and persons practicing beyond the scope of their credential. [2001 c 251 § 31; 1998 c 103 § 1103.]

Additional notes found at www.leg.wa.gov

25.05.530 Change of registered agent for service of process. A limited liability partnership may change its registered agent for service of process by delivering to the secretary of state for filing a statement of change in accordance with RCW 23.95.430. [2015 c 176 § 5110; 2009 c 437 § 5.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.05.533 Resignation of registered agent for service of process. A registered agent for service of process of a limited liability partnership may resign as agent by delivering to the secretary of state for filing a statement of resignation in accordance with RCW 23.95.445. [2015 c 176 § 5111; 2009 c 437 § 6.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.05.536 Service of process. Service of any process, notice, or demand required or permitted by law to be served upon the limited liability partnership may be made in accordance with RCW 23.95.450. [2015 c 176 § 5112; 2009 c 437 § 7.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

ARTICLE 12

FOREIGN LIMITED LIABILITY PARTNERSHIP

25.05.550 Foreign limited liability partnership—Effect of registration and governing law. A foreign limited liability partnership that registers to transact business in this state is subject to RCW 23.95.500 relating to the effect of registration and the governing law for registered foreign limited liability partnerships. [2015 c 176 § 5113; 1998 c 103 § 1201.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.05.555 Registration requirement. Before transacting business in this state, a foreign limited liability partnership must register with the secretary of state in accordance with Article 5 of chapter 23.95 RCW. [2015 c 176 § 5114; 1998 c 103 § 1202.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.05.560 Failure to register—Penalties—Service of process. A foreign limited liability partnership transacting business in this state without registering with the secretary of state is subject to RCW 23.95.505.

If a foreign limited liability partnership transacts business in this state without a registration as a foreign limited liability partnership, service of process with respect to a right of action arising out of the transaction of business in this state may be made on the foreign limited liability partnership in

accordance with RCW 23.95.450. [2015 c 176 § 5115; 2009 c 437 § 12; 1998 c 103 § 1203.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.05.565 Activities not constituting transacting business. A nonexhaustive list of activities of a foreign limited liability partnership that do not constitute transacting business in this state is provided in RCW 23.95.520. [2015 c 176 § 5116; 1998 c 103 § 1204.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.05.580 Registered agent—Designation and maintenance. A foreign limited liability partnership shall designate and continuously maintain in this state a registered agent in accordance with Article 4 of chapter 23.95 RCW. [2015 c 176 § 5117; 2009 c 437 § 8.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.05.583 Change of registered agent for service of process. A foreign limited liability partnership may change its registered agent for service of process by delivering to the secretary of state for filing a statement of change in accordance with RCW 23.95.430. [2015 c 176 § 5118; 2009 c 437 § 9.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.05.586 Resignation of registered agent. A registered agent of a foreign limited liability partnership may resign as agent by delivering to the secretary of state for filing a statement of resignation in accordance with RCW 23.95.445. [2015 c 176 § 5119; 2009 c 437 § 10.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.05.589 Service of process. Service of any process, notice, or demand required or permitted by law to be served upon the foreign limited liability partnership may be made in accordance with RCW 23.95.450. [2015 c 176 § 5120; 2009 c 437 § 11.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

ARTICLE 13 MISCELLANEOUS PROVISIONS

25.05.901 Dates of applicability. (1) Before January 1, 1999, this chapter governs only a partnership formed:

(a) After June 11, 1998, unless that partnership is continuing the business of a dissolved partnership under *RCW 25.04.410; and

(b) Before June 11, 1998, that elects, as provided by subsection (3) of this section, to be governed by this chapter.

(2) Effective January 1, 1999, this chapter governs all partnerships.

(3) Before January 1, 1999, a partnership voluntarily may elect, in the manner provided in its partnership agreement or by law for amending the partnership agreement, to be governed by this chapter. The provisions of this chapter relat-

ing to the liability of the partnership's partners to third parties apply to limit those partners' liability to a third party who had done business with the partnership within one year preceding the partnership's election to be governed by this chapter, only if the third party knows or has received a notification of the partnership's election to be governed by this chapter. [1998 c 103 § 1304.]

***Reviser's note:** RCW 25.04.410 was repealed by 1998 c 103 § 1308, effective January 1, 1999.

25.05.902 Applicable fees, charges, and penalties. Partnerships are subject to the applicable fees, charges, and penalties established by the secretary of state under RCW 23.95.260 and 43.07.120. [2015 c 176 § 5121; 1998 c 103 § 1306.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.05.903 Authority to adopt rules—Secretary of state. The secretary of state shall adopt such rules as are necessary to implement the keeping of records required by this chapter. [1998 c 103 § 1307.]

25.05.904 Uniformity of application and construction—1998 c 103. This act shall be applied and construed to effectuate its general purpose to make uniform the law with respect to the subject of this act among states enacting it. [1998 c 103 § 1301.]

25.05.905 Short title—1998 c 103. This chapter may be cited as the Washington revised uniform partnership act. [1998 c 103 § 1302.]

25.05.907 Savings clause—1998 c 103. This act does not affect an action or proceeding commenced or right accrued before June 11, 1998. [1998 c 103 § 1305.]

Chapter 25.10 RCW UNIFORM LIMITED PARTNERSHIP ACT

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Reviser's note: Throughout this chapter the phrase "this act" has been changed to "this chapter." "This act" [1981 c 51] consists of this chapter and the repeal of chapters 25.08 and 25.98 RCW.

Materials specifically authorized to be printed and distributed by secretary of state: RCW 43.07.140.

Revolving fund of secretary of state, deposit of moneys for costs of carrying out secretary of state's functions under this chapter: RCW 43.07.130.

ARTICLE 1
GENERAL PROVISIONS

25.10.006 Short title. This chapter may be known and cited as the uniform limited partnership act. [2009 c 188 § 101.]

25.10.011 Definitions. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Certificate of limited partnership" means the certificate required by RCW 25.10.201, including the certificate as amended or restated.

(2) "Contribution," except in the term "right of contribution," means any benefit provided by a person to a limited partnership in order to become a partner or in the person's capacity as a partner.

(3) "Debtor in bankruptcy" means a person that is the subject of:

(a) An order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or

(b) A comparable order under federal, state, or foreign law governing insolvency.

(4) "Designated office" means the principal office indicated in the limited partnership's most recent annual report, or, if the principal office is not located within this state, the office of the limited partnership's registered agent.

(5) "Distribution" means a transfer of money or other property from a limited partnership to a partner in the partner's capacity as a partner or to a transferee on account of a transferable interest owned by the transferee.

(6) "Foreign limited liability limited partnership" means a foreign limited partnership whose general partners have limited liability for the obligations of the foreign limited partnership under a provision similar to RCW 25.10.401(3).

(7) "Foreign limited partnership" means a partnership formed under the laws of a jurisdiction other than this state and required by those laws to have one or more general partners and one or more limited partners. "Foreign limited partnership" includes a foreign limited liability limited partnership.

(8) "General partner" means:

(a) With respect to a limited partnership, a person that:

(i) Becomes a general partner under RCW 25.10.371; or

(ii) Was a general partner in a limited partnership when the limited partnership became subject to this chapter under RCW 25.10.911 (1) or (2); and

(b) With respect to a foreign limited partnership, a person that has rights, powers, and obligations similar to those of a general partner in a limited partnership.

(9) "Limited liability limited partnership," except in the term "foreign limited liability limited partnership," means a limited partnership whose certificate of limited partnership states that the limited partnership is a limited liability limited partnership.

(10) "Limited partner" means:

(a) With respect to a limited partnership, a person that:

(i) Becomes a limited partner under RCW 25.10.301; or

(ii) Was a limited partner in a limited partnership when the limited partnership became subject to this chapter under RCW 25.10.911 (1) or (2); and

(b) With respect to a foreign limited partnership, a person that has rights, powers, and obligations similar to those of a limited partner in a limited partnership.

(11) "Limited partnership," except in the terms "foreign limited partnership" and "foreign limited liability limited partnership," means an entity, having one or more general partners and one or more limited partners, that is formed under this chapter by two or more persons or becomes subject to this chapter under article 11 of this chapter or RCW 25.10.911 (1) or (2). "Limited partnership" includes a limited liability limited partnership.

(12) "Partner" means a limited partner or general partner.

(13) "Partnership agreement" means the partners' agreement, whether oral, implied, in a record, or in any combination, concerning the limited partnership. "Partnership agreement" includes the agreement as amended.

(14) "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government; governmental subdivision, agency, or instrumentality; public corporation, or any other legal or commercial entity.

(15) "Person dissociated as a general partner" means a person dissociated as a general partner of a limited partnership.

(16) "Principal office" means the office where the principal executive office of a limited partnership or foreign limited partnership is located, whether or not the office is located in this state.

(17) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(18) "Required information" means the information that a limited partnership is required to maintain under RCW 25.10.091.

(19) "Sign" means, with present intent to authenticate or adopt a record:

(a) To execute or adopt a tangible symbol;

(b) To attach to or logically associate with the record an electronic symbol, sound, or process; or

(c) With respect to a record to be filed with the secretary of state, to comply with the standard for filing with the office of the secretary of state as prescribed by the secretary of state.

(20) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(21) "Tangible medium" means a writing, copy of a writing, facsimile, or a physical reproduction, each on paper or on other tangible material.

(22) "Transfer" includes an assignment, conveyance, deed, bill of sale, lease, mortgage, security interest, encumbrance, gift, and transfer by operation of law.

(23) "Transferable interest" means a partner's right to receive distributions.

(24) "Transferee" means a person to which all or part of a transferable interest has been transferred, whether or not the transferor is a partner. [2020 c 57 § 81; 2015 c 176 § 6101; 2009 c 188 § 102.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.016 Knowledge and notice. (1) A person knows a fact if the person has actual knowledge of it.

(2) A person has notice of a fact if the person:

(a) Knows of it;

(b) Has received a notification of it;

(c) Has reason to know it exists from all of the facts known to the person at the time in question; or

(d) Has notice of it under subsection (3) or (4) of this section.

(3) A certificate of limited partnership on file in the office of the secretary of state is notice that the partnership is a limited partnership and the persons designated in the certificate as general partners are general partners. Except as otherwise provided in subsection (4) of this section, the certificate is not notice of any other fact.

(4) A person has notice of:

(a) Another person's dissociation as a general partner, ninety days after the effective date of an amendment to the certificate of limited partnership that states that the other person has dissociated or ninety days after the effective date of a statement of dissociation pertaining to the other person, whichever occurs first;

(b) A limited partnership's dissolution, ninety days after the effective date of an amendment to the certificate of limited partnership stating that the limited partnership is dissolved;

(c) A limited partnership's termination, ninety days after the effective date of a statement of termination;

(d) A limited partnership's conversion under article 11 of this chapter, ninety days after the effective date of the articles of conversion; or

(e) A merger under article 11 of this chapter, ninety days after the effective date of the articles of merger.

(5) A person notifies or gives a notification to another person by taking steps reasonably required to inform the other person in ordinary course, whether or not the other person learns of it.

(6) A person receives a notification when the notification:

(a) Comes to the person's attention; or

(b) Is delivered at the person's place of business or at any other place held out by the person as a place for receiving communications.

(7) Except as otherwise provided in subsection (8) of this section, a person other than an individual knows, has notice, or receives a notification of a fact for purposes of a particular transaction when the individual conducting the transaction for the person knows, has notice, or receives a notification of the fact, or in any event when the fact would have been brought to the individual's attention if the person had exercised reasonable diligence. A person other than an individual exercises reasonable diligence if it maintains reasonable routines for communicating significant information to the individual conducting the transaction for the person and there is reasonable compliance with the routines. Reasonable diligence does not require an individual acting for the person to communicate information unless the communication is part of the individual's regular duties or the individual has reason

to know of the transaction and that the transaction would be materially affected by the information.

(8) A general partner's knowledge, notice, or receipt of a notification of a fact relating to the limited partnership is effective immediately as knowledge of, notice to, or receipt of a notification by the limited partnership, except in the case of a fraud on the limited partnership committed by or with the consent of the general partner. A limited partner's knowledge, notice, or receipt of a notification of a fact relating to the limited partnership is not effective as knowledge of, notice to, or receipt of a notification by the limited partnership. [2009 c 188 § 103.]

25.10.021 Nature, purpose, and duration of entity.

(1) A limited partnership is an entity distinct from its partners. A limited partnership is the same entity regardless of whether its certificate of limited partnership states that the limited partnership is a limited liability limited partnership.

(2) A limited partnership may be organized under this chapter for any lawful purpose.

(3) A limited partnership has a perpetual duration. [2009 c 188 § 104.]

25.10.031 Powers. A limited partnership has the powers to do all things necessary or convenient to carry on its activities, including the power to sue, be sued, and defend in its own name and to maintain an action against a partner for harm caused to the limited partnership by a breach of the partnership agreement or violation of a duty to the partnership. [2009 c 188 § 105.]

25.10.041 Governing law. The law of this state governs relations among the partners of a limited partnership and between the partners and the limited partnership and the liability of partners as partners for an obligation of the limited partnership. [2009 c 188 § 106.]

25.10.051 Supplemental principles of law—Rate of interest. (1) Unless displaced by particular provisions of this chapter, the principles of law and equity supplement this chapter.

(2) If an obligation to pay interest arises under this chapter and the rate is not specified, the rate is that specified in RCW 19.52.010(1). [2009 c 188 § 107.]

25.10.061 Name. The name of a limited partnership must comply with the provisions of Article 3 of chapter 23.95 RCW. [2015 c 176 § 6102; 2009 c 188 § 108.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.071 Reservation of name. A person may reserve the exclusive right to the use of a limited partnership name in accordance with RCW 23.95.310. [2015 c 176 § 6103; 2009 c 188 § 109.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.081 Effect of partnership agreement—Non-waivable provisions. (1) Except as otherwise provided in subsection (2) of this section, the partnership agreement gov-

erns relations among the partners and between the partners and the partnership. To the extent the partnership agreement does not otherwise provide, this chapter governs relations among the partners and between the partners and the partnership.

(2) A partnership agreement may not:

(a) Vary a limited partnership's power under RCW 25.10.031 to sue, be sued, and defend in its own name;

(b) Vary the law applicable to a limited partnership under RCW 25.10.041;

(c) Vary the requirements of RCW 25.10.231;

(d) Vary the information required under RCW 25.10.091 or unreasonably restrict the right to information under RCW 25.10.331 or 25.10.431, but the partnership agreement may impose reasonable restrictions on the availability and use of information obtained under those sections and may define appropriate remedies, including liquidated damages, for a breach of any reasonable restriction on use;

(e) Eliminate the duty of loyalty under RCW 25.10.441, but the partnership agreement may, if not manifestly unreasonable:

(i) Identify specific types or categories of activities that do not violate the duty of loyalty; and

(ii) Specify the number or percentage of partners that may authorize or ratify, after full disclosure to all partners of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty;

(f) Unreasonably reduce the duty of care under RCW 25.10.441(3);

(g) Eliminate the obligation of good faith and fair dealing under RCW 25.10.341(2) and 25.10.441(4), but the partnership agreement may prescribe the standards by which the performance of the obligation is to be measured, if the standards are not manifestly unreasonable;

(h) Vary the power of a person to dissociate as a general partner under RCW 25.10.526(1) except to require that the notice under RCW 25.10.521(1) be in a record;

(i) Vary the power of a court to decree dissolution in the circumstances specified in RCW 25.10.576;

(j) Vary the requirement to wind up the partnership's business as specified in RCW 25.10.581;

(k) Unreasonably restrict the right to maintain an action under article 10 of this chapter;

(l) Restrict the right of a partner under RCW 25.10.796(1) to approve a conversion or merger or the right of a general partner under RCW 25.10.796(2) to consent to an amendment to the certificate of limited partnership that deletes a statement that the limited partnership is a limited liability limited partnership; or

(m) Restrict rights under this chapter of a person other than a partner or a transferee. [2009 c 188 § 110.]

25.10.091 Required information. A limited partnership shall maintain at its designated office the following information:

(1) A current list showing the full name and last known street and mailing address of each partner, separately identifying the general partners, in alphabetical order, and the limited partners, in alphabetical order;

(2) A copy of the initial certificate of limited partnership and all amendments to and restatements of the certificate,

together with signed copies of any powers of attorney under which any certificate, amendment, or restatement has been signed;

(3) A copy of any filed articles of conversion or merger;

(4) A copy of the limited partnership's federal, state, and local tax returns and reports, if any, for the three most recent years;

(5) A copy of any partnership agreement made in a record and any amendment made in a record to any partnership agreement;

(6) A copy of any financial statement of the limited partnership for the three most recent years;

(7) A copy of the three most recent annual reports delivered by the limited partnership to the secretary of state pursuant to RCW 25.10.291;

(8) A copy of any record made by the limited partnership during the past three years of any consent given by or vote taken of any partner pursuant to this chapter or the partnership agreement; and

(9) Unless contained in a partnership agreement made in a record, a record stating:

(a) The amount of cash, and a description and statement of the agreed value of the other benefits, contributed and agreed to be contributed by each partner;

(b) The times at which, or events on the happening of which, any additional contributions agreed to be made by each partner are to be made;

(c) For any person that is both a general partner and a limited partner, a specification of what transferable interest the person owns in each capacity; and

(d) Any events upon the happening of which the limited partnership is to be dissolved and its activities wound up. [2009 c 188 § 111.]

25.10.101 Business transactions of partner with partnership. A partner may lend money to and transact other business with the limited partnership and has the same rights and obligations with respect to the loan or other transaction as a person that is not a partner. [2009 c 188 § 112.]

25.10.111 Dual capacity. A person may be both a general partner and a limited partner. A person that is both a general and limited partner has the rights, powers, duties, and obligations provided by this chapter and the partnership agreement in each of those capacities. When the person acts as a general partner, the person is subject to the obligations, duties, and restrictions under this chapter and the partnership agreement for general partners. When the person acts as a limited partner, the person is subject to the obligations, duties, and restrictions under this chapter and the partnership agreement for limited partners. [2009 c 188 § 113.]

25.10.121 Registered agent—Requirements. A limited partnership or foreign limited partnership shall designate and continuously maintain in this state a registered agent in accordance with Article 4 of chapter 23.95 RCW. [2015 c 176 § 6104; 2009 c 188 § 114.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.131 Change of registered agent for service of process. A limited partnership or a foreign limited partnership may change its registered agent by delivering to the secretary of state for filing a statement of change in accordance with RCW 23.95.430. [2015 c 176 § 6105; 2009 c 188 § 115.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.141 Resignation of agent for service of process. A registered agent may resign as an agent for service of process of a limited partnership or foreign limited partnership by delivering to the secretary of state for filing a statement of resignation in accordance with RCW 23.95.445. [2015 c 176 § 6106; 2009 c 188 § 116.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.151 Service of process. Service of any process, notice, or demand required or permitted by law to be served upon the limited partnership or foreign limited partnership may be made in accordance with RCW 23.95.450. [2015 c 176 § 6107; 2009 c 188 § 117.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.161 Consent and proxies of partners. Action requiring the consent of partners under this chapter may be taken without a meeting, and a partner may appoint a proxy to consent or otherwise act for the partner by signing an appointment record, either personally or by the partner's attorney-in-fact. [2009 c 188 § 118.]

ARTICLE 2

FORMATION—CERTIFICATE OF LIMITED PARTNERSHIP AND OTHER FILINGS

25.10.201 Formation of limited partnership—Certificate of limited partnership. (1) In order for a limited partnership to be formed, a certificate of limited partnership must be delivered to the secretary of state for filing in accordance with Article 2 of chapter 23.95 RCW. The certificate of limited partnership must state:

- (a) The name of the limited partnership, which must comply with Article 3 of chapter 23.95 RCW;
- (b) The name and street and mailing address of the initial agent for service of process;
- (c) The name and the street and mailing address of each general partner;
- (d) Whether the limited partnership is a limited liability limited partnership; and
- (e) Any additional information required by article 11 of this chapter.

(2) A certificate of limited partnership may also contain any other matters but may not vary or otherwise affect the provisions specified in RCW 25.10.081(2) in a manner inconsistent with that section.

(3) If there has been substantial compliance with subsection (1) of this section, subject to RCW 23.95.210, a limited partnership is formed when the secretary of state files the certificate of limited partnership.

(4) Subject to subsection (2) of this section, if any provision of a partnership agreement is inconsistent with the filed certificate of limited partnership or with a filed statement of dissociation, termination, or change or filed articles of conversion or merger:

(a) The partnership agreement prevails as to partners and transferees; and

(b) The filed certificate of limited partnership, statement of dissociation, termination, or change or articles of conversion or merger prevails as to persons, other than partners and transferees, that reasonably rely on the filed record to their detriment. [2015 c 176 § 6108; 2009 c 188 § 201.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.211 Amendment or restatement of certificate of limited partnership. (1) In order to amend its certificate of limited partnership, a limited partnership must deliver to the secretary of state for filing an amendment or, pursuant to article 11 of this chapter, articles of merger stating:

(a) The name of the limited partnership;

(b) The date of filing of its initial certificate of limited partnership; and

(c) The changes the amendment makes to the certificate of limited partnership as most recently amended or restated.

(2) A limited partnership shall promptly deliver to the secretary of state for filing an amendment to a certificate of limited partnership to reflect:

(a) The admission of a new general partner;

(b) The dissociation of a person as a general partner; or

(c) The appointment of a person to wind up the limited partnership's activities under RCW 25.10.581 (3) or (4).

(3) A general partner that knows that any information in a filed certificate of limited partnership was false when the certificate was filed or has become false due to changed circumstances shall promptly:

(a) Cause the certificate of limited partnership to be amended; or

(b) If appropriate, deliver to the secretary of state for filing a statement of change pursuant to RCW 23.95.430 or a statement of correction pursuant to RCW 23.95.220.

(4) A certificate of limited partnership may be amended at any time for any other proper purpose as determined by the limited partnership.

(5) A restated certificate of limited partnership may be delivered to the secretary of state for filing in the same manner as an amendment.

(6) An amendment or restated certificate of limited partnership is effective when filed by the secretary of state as provided in RCW 23.95.210, and may state a delayed effective date in accordance with RCW 23.95.210. [2015 c 176 § 6109; 2009 c 188 § 202.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.221 Statement of termination. A dissolved limited partnership that has completed winding up may deliver to the secretary of state for filing a statement of termination that states:

(1) The name of the limited partnership;

(2) The date of filing of its initial certificate of limited partnership; and

(3) Any other information as determined by the general partners filing the statement or by a person appointed pursuant to RCW 25.10.581 (3) or (4). [2009 c 188 § 203.]

25.10.231 Signing of records. (1) Each record delivered to the secretary of state for filing pursuant to Article 2 of chapter 23.95 RCW must be signed in the following manner:

(a) An initial certificate of limited partnership must be signed by all general partners listed in the certificate.

(b) An amendment adding or deleting a statement that the limited partnership is a limited liability limited partnership must be signed by all general partners listed in the certificate.

(c) An amendment designating as general partner a person admitted under RCW 25.10.571(3)(b) following the dissociation of a limited partnership's last general partner must be signed by that person.

(d) An amendment required by RCW 25.10.581(3) following the appointment of a person to wind up the dissolved limited partnership's activities must be signed by that person.

(e) Any other amendment must be signed by:

(i) At least one general partner listed in the certificate of limited partnership;

(ii) Each other person designated in the amendment as a new general partner; and

(iii) Each person that the amendment indicates has dissociated as a general partner, unless:

(A) The person is deceased or a guardian or general conservator has been appointed for the person and the amendment so states; or

(B) The person has previously delivered to the secretary of state for filing a statement of dissociation.

(f) A restated certificate of limited partnership must be signed by at least one general partner listed in the certificate, and, to the extent the restated certificate effects a change under any other subsection of this subsection (1), the certificate must be signed in a manner that satisfies that subsection.

(g) A statement of termination must be signed by all general partners listed in the certificate or, if the certificate of a dissolved limited partnership lists no general partners, by the person appointed pursuant to RCW 25.10.581 (3) or (4) to wind up the dissolved limited partnership's activities.

(h) Articles of conversion must be signed by each general partner listed in the certificate of limited partnership.

(i) Articles of merger must be signed as provided in RCW 25.10.786(1).

(j) Any other record delivered on behalf of a limited partnership to the secretary of state for filing must be signed by at least one general partner listed in the certificate of limited partnership.

(k) A statement by a person pursuant to RCW 25.10.531(1)(d) stating that the person has dissociated as a general partner must be signed by that person.

(l) A statement of withdrawal by a person pursuant to RCW 25.10.351 must be signed by that person.

(m) A record delivered on behalf of a foreign limited partnership to the secretary of state for filing must be signed by at least one general partner of the foreign limited partnership.

(n) Any other record delivered on behalf of any person to the secretary of state for filing must be signed by that person.

(2) Any person may sign by an agent any record to be delivered to the secretary of state for filing under Article 2 of chapter 23.95 RCW. [2015 c 176 § 6110; 2009 c 188 § 204.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.241 Signing and filing pursuant to judicial order. If a person required by this chapter to sign a record or deliver a record to the secretary of state for filing does not do so, any other person that is aggrieved may petition the appropriate court under RCW 23.95.245 to order the signing or delivery of the record. [2015 c 176 § 6111; 2009 c 188 § 205.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.251 Delivery to and filing of records by secretary of state—Effective time and date. (1) A record authorized or required to be delivered to the secretary of state for filing under this chapter must comply with the requirements of Article 2 of chapter 23.95 RCW. The secretary of state shall:

(a) For a statement of dissociation, send:

(i) A copy of the filed statement and a receipt for the fees to the person that the statement indicates has dissociated as a general partner; and

(ii) A copy of the filed statement and receipt to the limited partnership;

(b) For a statement of withdrawal, send:

(i) A copy of the filed statement and a receipt for the fees to the person on whose behalf the record was filed; and

(ii) If the statement refers to an existing limited partnership, a copy of the filed statement and receipt to the limited partnership; and

(c) For all other records, send a copy of the filed record and a receipt for the fees to the person on whose behalf the record was filed.

(2) A record delivered to the secretary of state for filing under this chapter may specify an effective time and a delayed effective date in accordance with RCW 23.95.210. Except as otherwise provided in this chapter, a record filed by the secretary of state is effective as provided in RCW 23.95.210. [2015 c 176 § 6112; 2009 c 188 § 206.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.261 Correcting filed record. A limited partnership or foreign limited partnership may correct a record filed by the secretary of state in accordance with RCW 23.95.220. [2015 c 176 § 6113; 2009 c 188 § 207.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.271 Liability for false information in filed record. (1) If a record delivered to the secretary of state for filing under this chapter and filed by the secretary of state contains false information, a person that suffers loss by reliance on the information may recover damages for the loss from:

(a) A person that signed the record, or caused another to sign it on the person's behalf, and knew the information to be false at the time the record was signed; and

(b) A general partner that has notice that the information was false when the record was filed or has become false because of changed circumstances, if the general partner has notice for a reasonably sufficient time before the information is relied upon to enable the general partner to effect an amendment under RCW 25.10.211, file a petition under RCW 25.10.241, or deliver to the secretary of state for filing a statement of change under RCW 23.95.430 or a statement of correction under RCW 23.95.220.

(2) A person who signs a record authorized or required to be filed under this chapter that such a person knows is false in any material respect with intent that the record be delivered to the secretary of state for filing is subject to a criminal penalty under RCW 23.95.240. [2015 c 176 § 6114; 2009 c 188 § 208.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.281 Certificate of existence or registration.

Any person may apply to the secretary of state under RCW 23.95.235 to furnish a certificate of existence for a domestic limited partnership or a certificate of registration for a foreign limited partnership. [2015 c 176 § 6115; 2009 c 188 § 209.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.291 Annual report for secretary of state.

A limited partnership or a foreign limited partnership authorized to transact business in this state shall deliver to the secretary of state for filing an annual report in accordance with RCW 23.95.255. [2015 c 176 § 6116; 2009 c 188 § 210.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

ARTICLE 3 LIMITED PARTNERS

25.10.301 Becoming limited partner.

A person becomes a limited partner:

- (1) As provided in the partnership agreement;
- (2) As the result of a conversion or merger under article 11 of this chapter; or
- (3) With the consent of all the partners. [2009 c 188 § 301.]

25.10.311 No right or power as limited partner to bind limited partnership. A limited partner does not have the right or the power as a limited partner to act for or bind the limited partnership. [2009 c 188 § 302.]

25.10.321 No liability as limited partner for limited partnership obligations. An obligation of a limited partnership, whether arising in contract, tort, or otherwise, is not the obligation of a limited partner. A limited partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for an obligation of the limited partnership solely by reason of being a limited partner, even if the limited

partner participates in the management and control of the limited partnership. [2009 c 188 § 303.]

25.10.331 Right of limited partner and former limited partner to information. (1) On ten days' demand, made in a record received by the limited partnership, a limited partner may inspect and copy required information during regular business hours in the limited partnership's designated office. The limited partner need not have any particular purpose for seeking the information.

(2) During regular business hours and at a reasonable location specified by the limited partnership, a limited partner may obtain from the limited partnership and inspect and copy true and full information regarding the state of the activities and financial condition of the limited partnership and other information regarding the activities of the limited partnership as is just and reasonable if:

(a) The limited partner seeks the information for a purpose reasonably related to the partner's interest as a limited partner;

(b) The limited partner makes a demand in a record received by the limited partnership, describing with reasonable particularity the information sought and the purpose for seeking the information; and

(c) The information sought is directly connected to the limited partner's purpose.

(3) Within ten days after receiving a demand pursuant to subsection (2) of this section, the limited partnership in a record shall inform the limited partner that made the demand:

(a) What information the limited partnership will provide in response to the demand;

(b) When and where the limited partnership will provide the information; and

(c) If the limited partnership declines to provide any demanded information, the limited partnership's reasons for declining.

(4) Subject to subsection (6) of this section, a person dissociated as a limited partner may inspect and copy required information during regular business hours in the limited partnership's designated office if:

(a) The information pertains to the period during which the person was a limited partner;

(b) The person seeks the information in good faith; and

(c) The person meets the requirements of subsection (2) of this section.

(5) The limited partnership shall respond to a demand made pursuant to subsection (4) of this section in the same manner as provided in subsection (3) of this section.

(6) If a limited partner dies, RCW 25.10.561 applies.

(7) The limited partnership may impose reasonable restrictions on the use of information obtained under this section. In a dispute concerning the reasonableness of a restriction under this subsection, the limited partnership has the burden of proving reasonableness.

(8) A limited partnership may charge a person that makes a demand under this section reasonable costs of copying, limited to the costs of labor and material.

(9) A limited partner or person dissociated as a limited partner may exercise the rights under this section through an attorney or other agent. Any restriction imposed under subsection (7) of this section or by the partnership agreement

applies both to the attorney or other agent and to the limited partner or person dissociated as a limited partner.

(10) The rights stated in this section do not extend to a person as transferee, but may be exercised by the legal representative of an individual under legal disability who is a limited partner or person dissociated as a limited partner. [2009 c 188 § 304.]

25.10.341 Limited duties of limited partners. (1) A limited partner does not have any fiduciary duty to the limited partnership or to any other partner solely by reason of being a limited partner.

(2) A limited partner shall discharge the duties to the partnership and the other partners under this chapter or under the partnership agreement and exercise any rights consistently with the obligation of good faith and fair dealing.

(3) A limited partner does not violate a duty or obligation under this chapter or under the partnership agreement merely because the limited partner's conduct furthers the limited partner's own interest. [2009 c 188 § 305.]

25.10.351 Person erroneously believing self to be limited partner. (1) Except as otherwise provided in subsection (2) of this section, a person that makes an investment in a business enterprise, and erroneously but in good faith believes that the person has become a limited partner in the enterprise, is not a general partner and is not liable for the enterprise's obligations by reason of making the investment, receiving distributions from the enterprise, or exercising any rights of or appropriate to a limited partner, if, on ascertaining the mistake, the person:

(a) Causes an appropriate certificate of limited partnership, amendment, or statement of correction to be signed and delivered to the secretary of state for filing; or

(b) Withdraws from future participation as an owner in the enterprise by signing and delivering to the secretary of state for filing a statement of withdrawal under this section.

(2) A person that makes an investment described in subsection (1) of this section is liable to the same extent as a general partner to any third party that enters into a transaction with the enterprise, believing in good faith that the person is a general partner, before the secretary of state files a statement of withdrawal, certificate of limited partnership, amendment, or statement of correction to show that the person is not a general partner.

(3) If a person makes a diligent effort in good faith to comply with subsection (1)(a) of this section and is unable to cause the appropriate certificate of limited partnership, amendment, or statement of correction to be signed and delivered to the secretary of state for filing, the person has the right to withdraw from the enterprise pursuant to subsection (1)(b) of this section even if the withdrawal would otherwise breach an agreement with others that are or have agreed to become co-owners of the enterprise. [2009 c 188 § 306.]

ARTICLE 4 GENERAL PARTNERS

25.10.371 Becoming general partner. A person becomes a general partner:

(1) As provided in the partnership agreement;

(2) Under RCW 25.10.571(3)(b) following the dissociation of a limited partnership's last general partner;

(3) As the result of a conversion or merger under article 11 of this chapter; or

(4) With the consent of all the partners. [2009 c 188 § 401.]

25.10.381 General partner agent of limited partnership. (1) Each general partner is an agent of the limited partnership for the purposes of its activities. An act of a general partner, including the signing of a record in the partnership's name, for apparently carrying on in the ordinary course of the limited partnership's activities or activities of the kind carried on by the limited partnership binds the limited partnership, unless the general partner did not have authority to act for the limited partnership in the particular matter and the person with which the general partner was dealing knew, had received a notification, or had notice under RCW 25.10.016(4) that the general partner lacked authority.

(2) An act of a general partner that is not apparently for carrying on in the ordinary course of the limited partnership's activities or activities of the kind carried on by the limited partnership binds the limited partnership only if the act was actually authorized by all the other partners. [2009 c 188 § 402.]

25.10.391 Limited partnership liable for general partner's actionable conduct. (1) A limited partnership is liable for loss or injury caused to a person, or for a penalty incurred, as a result of a wrongful act or omission, or other actionable conduct, of a general partner acting in the ordinary course of activities of the limited partnership or with authority of the limited partnership.

(2) If, in the course of the limited partnership's activities or while acting with authority of the limited partnership, a general partner receives or causes the limited partnership to receive money or property of a person not a partner, and the money or property is misapplied by a general partner, the limited partnership is liable for the loss. [2009 c 188 § 403.]

25.10.401 General partner's liability. (1) Except as otherwise provided in subsections (2) and (3) of this section, all general partners are liable jointly and severally for all obligations of the limited partnership unless otherwise agreed by the claimant or provided by law.

(2) A person that becomes a general partner of an existing limited partnership is not personally liable for an obligation of a limited partnership incurred before the person became a general partner.

(3) An obligation of a limited partnership incurred while the limited partnership is a limited liability limited partnership, whether arising in contract, tort, or otherwise, is solely the obligation of the limited partnership. A general partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for such an obligation solely by reason of being or acting as a general partner. This subsection applies despite anything inconsistent in the partnership agreement that existed immediately before the consent required to become a limited liability limited partnership under RCW 25.10.421(2)(b). [2009 c 188 § 404.]

25.10.411 Actions by and against partnership and partners. (1) To the extent not inconsistent with RCW 25.10.401, a general partner may be joined in an action against the limited partnership or named in a separate action.

(2) A judgment against a limited partnership is not by itself a judgment against a general partner. A judgment against a limited partnership may not be satisfied from a general partner's assets unless there is also a judgment against the general partner.

(3) A judgment creditor of a general partner may not levy execution against the assets of the general partner to satisfy a judgment based on a claim against the limited partnership, unless the partner is personally liable for the claim under RCW 25.10.401 and:

(a) A judgment based on the same claim has been obtained against the limited partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;

(b) The limited partnership is a debtor in bankruptcy;

(c) The general partner has agreed that the creditor need not exhaust limited partnership assets;

(d) A court grants permission to the judgment creditor to levy execution against the assets of a general partner based on a finding that limited partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of limited partnership assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or

(e) Liability is imposed on the general partner by law or contract independent of the existence of the limited partnership. [2009 c 188 § 405.]

25.10.421 Management rights of general partner. (1) Each general partner has equal rights in the management and conduct of the limited partnership's activities. Except as expressly provided in this chapter, any matter relating to the activities of the limited partnership may be exclusively decided by the general partner or, if there is more than one general partner, by a majority of the general partners.

(2) The consent of each partner is necessary to:

(a) Amend the partnership agreement;

(b) Amend the certificate of limited partnership to add or, subject to RCW 25.10.796, delete a statement that the limited partnership is a limited liability limited partnership; and

(c) Sell, lease, exchange, or otherwise dispose of all, or substantially all, of the limited partnership's property, with or without the good will, other than in the usual and regular course of the limited partnership's activities.

(3) A limited partnership shall reimburse a general partner for payments made and indemnify a general partner for liabilities incurred by the general partner in the ordinary course of the activities of the partnership or for the preservation of its activities or property.

(4) A limited partnership shall reimburse a general partner for an advance to the limited partnership beyond the amount of capital the general partner agreed to contribute.

(5) A payment or advance made by a general partner that gives rise to an obligation of the limited partnership under subsection (3) or (4) of this section constitutes a loan to the limited partnership that accrues interest from the date of the payment or advance.

(6) A general partner is not entitled to remuneration for services performed for the partnership. [2009 c 188 § 406.]

25.10.431 Right of general partner and former general partner to information. (1) A general partner, without having any particular purpose for seeking the information, may inspect and copy during regular business hours:

(a) In the limited partnership's designated office, required information; and

(b) At a reasonable location specified by the limited partnership, any other records maintained by the limited partnership regarding the limited partnership's activities and financial condition.

(2) Each general partner and the limited partnership shall furnish to a general partner:

(a) Without demand, any information concerning the limited partnership's activities and activities reasonably required for the proper exercise of the general partner's rights and duties under the partnership agreement or this chapter; and

(b) On demand, any other information concerning the limited partnership's activities, except to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances.

(3) Subject to subsection (5) of this section, on ten days' demand made in a record received by the limited partnership, a person dissociated as a general partner may have access to the information and records described in subsection (1) of this section at the location specified in subsection (1) of this section if:

(a) The information or record pertains to the period during which the person was a general partner;

(b) The person seeks the information or record in good faith; and

(c) The person satisfies the requirements imposed on a limited partner by RCW 25.10.331(2).

(4) The limited partnership shall respond to a demand made pursuant to subsection (3) of this section in the same manner as provided in RCW 25.10.331(3).

(5) If a general partner dies, RCW 25.10.561 applies.

(6) The limited partnership may impose reasonable restrictions on the use of information under this section. In any dispute concerning the reasonableness of a restriction under this subsection, the limited partnership has the burden of proving reasonableness.

(7) A limited partnership may charge a person dissociated as a general partner that makes a demand under this section reasonable costs of copying, limited to the costs of labor and material.

(8) A general partner or person dissociated as a general partner may exercise the rights under this section through an attorney or other agent. Any restriction imposed under subsection (6) of this section or by the partnership agreement applies both to the attorney or other agent and to the general partner or person dissociated as a general partner.

(9) The rights under this section do not extend to a person as transferee, but the rights under subsection (3) of this section of a person dissociated as a general partner may be exercised by the legal representative of an individual who dissociated as a general partner under RCW 25.10.521(7) (b) or (c). [2009 c 188 § 407.]

25.10.441 General standards of general partner's conduct. (1) The only fiduciary duties that a general partner has to the limited partnership and the other partners are the duties of loyalty and care under subsections (2) and (3) of this section.

(2) A general partner's duty of loyalty to the limited partnership and the other partners is limited to the following:

(a) To account to the limited partnership and hold as trustee for it any property, profit, or benefit derived by the general partner in the conduct and winding up of the limited partnership's activities or derived from a use by the general partner of limited partnership property, including the appropriation of a limited partnership opportunity;

(b) To refrain from dealing with the limited partnership in the conduct or winding up of the limited partnership's activities as or on behalf of a party having an interest adverse to the limited partnership; and

(c) To refrain from competing with the limited partnership in the conduct or winding up of the limited partnership's activities.

(3) A general partner's duty of care to the limited partnership and the other partners in the conduct and winding up of the limited partnership's activities is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.

(4) A general partner shall discharge the duties to the partnership and the other partners under this chapter or under the partnership agreement and exercise any rights consistently with the obligation of good faith and fair dealing.

(5) A general partner does not violate a duty or obligation under this chapter or under the partnership agreement merely because the general partner's conduct furthers the general partner's own interest. [2009 c 188 § 408.]

ARTICLE 5 CONTRIBUTIONS AND DISTRIBUTIONS

25.10.461 Form of contribution. A contribution of a partner may consist of tangible or intangible property or other benefit to the limited partnership, including money, services performed, promissory notes, other agreements to contribute cash or property, and contracts for services to be performed. [2009 c 188 § 501.]

25.10.466 Liability for contribution. (1) A partner's obligation to contribute money or other property or other benefit to, or to perform services for, a limited partnership is not excused by the partner's death, disability, or other inability to perform personally.

(2) If a partner does not make a promised nonmonetary contribution, the partner is obligated at the option of the limited partnership to contribute money equal to that portion of the value, as stated in the required information, of the stated contribution that has not been made.

(3) The obligation of a partner to make a contribution or return money or other property paid or distributed in violation of this chapter may be compromised only by consent of all partners. A creditor of a limited partnership that extends credit or otherwise acts in reasonable reliance on an obligation described in subsection (1) of this section, without notice of any compromise under this subsection, may enforce the

original obligation to the extent that, in extending credit, the creditor reasonably relied on the obligation of a partner to make a contribution. [2009 c 188 § 502.]

25.10.471 Sharing of distributions. A distribution by a limited partnership must be shared among the partners on the basis of the value, as stated in the required records when the limited partnership decides to make the distribution, of the contributions the limited partnership has received from each partner. [2009 c 188 § 503.]

25.10.476 Interim distributions. A partner does not have a right to any distribution before the dissolution and winding up of the limited partnership unless the limited partnership decides to make an interim distribution. [2009 c 188 § 504.]

25.10.481 No distribution on account of dissociation. A person does not have a right to receive a distribution on account of dissociation. [2009 c 188 § 505.]

25.10.486 Distribution in kind. A partner does not have a right to demand or receive any distribution from a limited partnership in any form other than cash. Subject to RCW 25.10.621(2), a limited partnership may distribute an asset in kind to the extent each partner receives a percentage of the asset equal to the partner's share of distributions. [2009 c 188 § 506.]

25.10.491 Right to distribution. When a partner or transferee becomes entitled to receive a distribution, the partner or transferee has the status of, and is entitled to all remedies available to, a creditor of the limited partnership with respect to the distribution. However, the limited partnership's obligation to make a distribution is subject to offset for any amount owed to the limited partnership by the partner or dissociated partner on whose account the distribution is made. [2009 c 188 § 507.]

25.10.496 Limitations on distribution. (1) A limited partnership may not make a distribution in violation of the partnership agreement.

(2) A limited partnership may not make a distribution if after the distribution:

(a) The limited partnership would not be able to pay its debts as they become due in the ordinary course of the limited partnership's activities; or

(b) The limited partnership's total assets would be less than the sum of its total liabilities other than liabilities to partners on account of their partnership interests and liabilities for which recourse of creditors is limited to specified property of the limited partnership, except that the fair value of property that is subject to a liability for which the recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds that liability.

(3) A limited partnership may base a determination that a distribution is not prohibited under subsection (2) of this section on financial statements prepared on the basis of accounting practices and principles that are reasonable in the

circumstances or on a fair valuation or other method that is reasonable in the circumstances.

(4) Except as otherwise provided in subsection (7) of this section, the effect of a distribution under subsection (2) of this section is measured:

(a) In the case of distribution by purchase, redemption, or other acquisition of a transferable interest in the limited partnership, as of the date money or other property is transferred or debt incurred by the limited partnership; and

(b) In all other cases, as of the date:

(i) The distribution is authorized, if the payment occurs within one hundred twenty days after that date; or

(ii) The payment is made, if payment occurs more than one hundred twenty days after the distribution is authorized.

(5) A limited partnership's indebtedness to a partner incurred by reason of a distribution made in accordance with this section is at parity with the limited partnership's indebtedness to its general, unsecured creditors.

(6) A limited partnership's indebtedness, including indebtedness issued in connection with or as part of a distribution, is not considered a liability for purposes of subsection (2) of this section if the terms of the indebtedness provide that payment of principal and interest are made only to the extent that a distribution could then be made to partners under this section.

(7) If indebtedness is issued as a distribution, each payment of principal or interest on the indebtedness is treated as a distribution, the effect of which is measured on the date the payment is made. [2009 c 188 § 508.]

25.10.501 Liability for improper distributions. (1) A general partner that consents to a distribution made in violation of RCW 25.10.496 is personally liable to the limited partnership for the amount of the distribution that exceeds the amount that could have been distributed without the violation if it is established that in consenting to the distribution the general partner failed to comply with RCW 25.10.441.

(2) A partner or transferee that received a distribution knowing that the distribution to that partner or transferee was made in violation of RCW 25.10.496 is personally liable to the limited partnership but only to the extent that the distribution received by the partner or transferee exceeded the amount that could have been properly paid under RCW 25.10.496.

(3) A general partner against which an action is commenced under subsection (1) of this section may:

(a) Implead in the action any other person that is liable under subsection (1) of this section and compel contribution from the person; and

(b) Implead in the action any person that received a distribution in violation of subsection (2) of this section and compel contribution from the person in the amount the person received in violation of subsection (2) of this section.

(4) An action under this section is barred if it is not commenced within two years after the distribution. [2009 c 188 § 509.]

(2020 Ed.)

ARTICLE 6 DISSOCIATION

25.10.511 Dissociation as limited partner. (1) A person does not have a right to dissociate as a limited partner before the termination of the limited partnership.

(2) A person is dissociated from a limited partnership as a limited partner upon the occurrence of any of the following events:

(a) The limited partnership's having notice of the person's express will to withdraw as a limited partner or on a later date specified by the person;

(b) An event agreed to in the partnership agreement as causing the person's dissociation as a limited partner;

(c) The person's expulsion as a limited partner pursuant to the partnership agreement;

(d) The person's expulsion as a limited partner by the unanimous consent of the other partners if:

(i) It is unlawful to carry on the limited partnership's activities with the person as a limited partner;

(ii) There has been a transfer of all of the person's transferable interest in the limited partnership, other than a transfer for security purposes, or a court order charging the person's interest, that has not been foreclosed;

(iii) The person is a corporation and, within ninety days after the limited partnership notifies the person that it will be expelled as a limited partner because it has filed a certificate of dissolution or the equivalent, its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, there is no revocation of the certificate of dissolution or no reinstatement of its charter or its right to conduct business; or

(iv) The person is a limited liability company or partnership that has been dissolved and whose business is being wound up;

(e) On application by the limited partnership, the person's expulsion as a limited partner by judicial order because:

(i) The person engaged in wrongful conduct that adversely and materially affected the limited partnership's activities;

(ii) The person willfully or persistently committed a material breach of the partnership agreement or of the obligation of good faith and fair dealing under RCW 25.10.341(2); or

(iii) The person engaged in conduct relating to the limited partnership's activities that makes it not reasonably practicable to carry on the activities with the person as limited partner;

(f) In the case of a person who is an individual, the person's death;

(g) In the case of a person that is a trust or is acting as a limited partner by virtue of being a trustee of a trust, distribution of the trust's entire transferable interest in the limited partnership, but not merely by reason of the substitution of a successor trustee;

(h) In the case of a person that is an estate or is acting as a limited partner by virtue of being a personal representative of an estate, distribution of the estate's entire transferable interest in the limited partnership, but not merely by reason of the substitution of a successor personal representative;

(i) Termination of a limited partner that is not an individual, partnership, limited liability company, corporation, trust, or estate;

(j) The limited partnership's participation in a conversion or merger under article 11 of this chapter, if the limited partnership:

(i) Is not the converted or surviving entity; or

(ii) Is the converted or surviving entity but, as a result of the conversion or merger, the person ceases to be a limited partner. [2009 c 188 § 601.]

25.10.516 Effect of dissociation as limited partner.

(1) Upon a person's dissociation as a limited partner:

(a) Subject to RCW 25.10.561, the person does not have further rights as a limited partner;

(b) The person's obligation of good faith and fair dealing as a limited partner under RCW 25.10.341(2) continues only as to matters arising and events occurring before the dissociation; and

(c) Subject to RCW 25.10.561 and article 11 of this chapter, any transferable interest owned by the person in the person's capacity as a limited partner immediately before dissociation is owned by the person as a mere transferee.

(2) A person's dissociation as a limited partner does not of itself discharge the person from any obligation to the limited partnership or the other partners that the person incurred while a limited partner. [2009 c 188 § 602.]

25.10.521 Dissociation as general partner. A person is dissociated from a limited partnership as a general partner upon the occurrence of any of the following events:

(1) The limited partnership's having notice of the person's express will to withdraw as a general partner or on a later date specified by the person;

(2) An event agreed to in the partnership agreement as causing the person's dissociation as a general partner;

(3) The person's expulsion as a general partner pursuant to the partnership agreement;

(4) The person's expulsion as a general partner by the unanimous consent of the other partners if:

(a) It is unlawful to carry on the limited partnership's activities with the person as a general partner;

(b) There has been a transfer of all or substantially all of the person's transferable interest in the limited partnership, other than a transfer for security purposes, or a court order charging the person's interest, that has not been foreclosed;

(c) The person is a corporation and, within ninety days after the limited partnership notifies the person that it will be expelled as a general partner because it has filed a certificate of dissolution or the equivalent, its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, there is no revocation of the certificate of dissolution or no reinstatement of its charter or its right to conduct business; or

(d) The person is a limited liability company or partnership that has been dissolved and whose business is being wound up;

(5) On application by the limited partnership, the person's expulsion as a general partner by judicial determination because:

(a) The person engaged in wrongful conduct that adversely and materially affected the limited partnership activities;

(b) The person willfully or persistently committed a material breach of the partnership agreement or of a duty owed to the partnership or the other partners under RCW 25.10.441; or

(c) The person engaged in conduct relating to the limited partnership's activities that makes it not reasonably practicable to carry on the activities of the limited partnership with the person as a general partner;

(6) The person's:

(a) Becoming a debtor in bankruptcy;

(b) Execution of an assignment for the benefit of creditors;

(c) Seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidator of the person or of all or substantially all of the person's property; or

(d) Failure, within ninety days after the appointment, to have vacated or stayed the appointment of a trustee, receiver, or liquidator of the general partner or of all or substantially all of the person's property obtained without the person's consent or acquiescence, or failing within ninety days after the expiration of a stay to have the appointment vacated;

(7) In the case of a person who is an individual:

(a) The person's death;

(b) The appointment of a guardian or general conservator for the person; or

(c) A judicial determination that the person has otherwise become incapable of performing the person's duties as a general partner under the partnership agreement;

(8) In the case of a person that is a trust or is acting as a general partner by virtue of being a trustee of a trust, distribution of the trust's entire transferable interest in the limited partnership, but not merely by reason of the substitution of a successor trustee;

(9) In the case of a person that is an estate or is acting as a general partner by virtue of being a personal representative of an estate, distribution of the estate's entire transferable interest in the limited partnership, but not merely by reason of the substitution of a successor personal representative;

(10) Termination of a general partner that is not an individual, partnership, limited liability company, corporation, trust, or estate; or

(11) The limited partnership's participation in a conversion or merger under article 11 of this chapter, if the limited partnership:

(a) Is not the converted or surviving entity; or

(b) Is the converted or surviving entity but, as a result of the conversion or merger, the person ceases to be a general partner. [2009 c 188 § 603.]

25.10.526 Person's power to dissociate as general partner—Wrongful dissociation.

(1) A person has the power to dissociate as a general partner at any time, rightfully or wrongfully, by express will pursuant to RCW 25.10.521(1).

(2) A person's dissociation as a general partner is wrongful only if:

(a) It is in breach of an express provision of the partnership agreement; or

(b) It occurs before the termination of the limited partnership, and:

(i) The person withdraws as a general partner by express will;

(ii) The person is expelled as a general partner by judicial determination under RCW 25.10.521(5);

(iii) The person is dissociated as a general partner as a result of an event described in RCW 25.10.521(6); or

(iv) In the case of a person that is not an individual, trust other than a business trust, or estate, the person is expelled or otherwise dissociated as a general partner because it willfully dissolved or terminated.

(3) A person that wrongfully dissociates as a general partner is liable to the limited partnership and, subject to RCW 25.10.701, to the other partners for damages caused by the dissociation. The liability is in addition to any other obligation of the general partner to the limited partnership or to the other partners. [2009 c 188 § 604.]

25.10.531 Effect of dissociation as general partner.

(1) Upon a person's dissociation as a general partner:

(a) The person's right to participate as a general partner in the management and conduct of the partnership's activities terminates;

(b) The person's duty of loyalty as a general partner under RCW 25.10.441(2)(c) terminates;

(c) The person's duty of loyalty as a general partner under RCW 25.10.441(2) (a) and (b) and duty of care under RCW 25.10.441(3) continue only with regard to matters arising and events occurring before the person's dissociation as a general partner;

(d) The person may sign and deliver to the secretary of state for filing a statement of dissociation pertaining to the person and, at the request of the limited partnership, shall sign an amendment to the certificate of limited partnership that states that the person has dissociated; and

(e) Subject to RCW 25.10.561 and article 11 of this chapter, any transferable interest owned by the person immediately before dissociation in the person's capacity as a general partner is owned by the person as a mere transferee.

(2) A person's dissociation as a general partner does not of itself discharge the person from any obligation to the limited partnership or the other partners that the person incurred while a general partner. [2009 c 188 § 605.]

25.10.536 Power to bind and liability to limited partnership before dissolution of partnership of person dissociated as general partner. (1) After a person is dissociated as a general partner and before the limited partnership is dissolved, converted under article 11 of this chapter, or merged out of existence under article 11 of this chapter, the limited partnership is bound by an act of the person only if:

(a) The act would have bound the limited partnership under RCW 25.10.381 before the dissociation; and

(b) At the time the other party enters into the transaction:

(i) Less than two years have passed since the dissociation; and

(ii) The other party does not have notice of the dissociation and reasonably believes that the person is a general partner.

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(2) If a limited partnership is bound under subsection (1) of this section, the person dissociated as a general partner that caused the limited partnership to be bound is liable:

(a) To the limited partnership for any damage caused to the limited partnership arising from the obligation incurred under subsection (1) of this section; and

(b) If a general partner or another person dissociated as a general partner is liable for the obligation, to the general partner or other person for any damage caused to the general partner or other person arising from the liability. [2009 c 188 § 606.]

25.10.541 Liability to other persons of person dissociated as general partner. (1) A person's dissociation as a general partner does not of itself discharge the person's liability as a general partner for an obligation of the limited partnership incurred before dissociation. Except as otherwise provided in subsections (2) and (3) of this section, the person is not liable for a limited partnership's obligation incurred after dissociation.

(2) A person whose dissociation as a general partner resulted in a dissolution and winding up of the limited partnership's activities is liable to the same extent as a general partner under RCW 25.10.401 on an obligation incurred by the limited partnership under RCW 25.10.586.

(3) A person that has dissociated as a general partner but whose

dissociation did not result in a dissolution and winding up of the limited partnership's activities is liable on a transaction entered into by the limited partnership after the dissociation only if:

(a) A general partner would be liable on the transaction; and

(b) At the time the other party enters into the transaction:

(i) Less than two years have passed since the dissociation; and

(ii) The other party does not have notice of the dissociation and reasonably believes that the person is a general partner.

(4) By agreement with a creditor of a limited partnership and the limited partnership, a person dissociated as a general partner may be released from liability for an obligation of the limited partnership.

(5) A person dissociated as a general partner is released from liability for an obligation of the limited partnership if the limited partnership's creditor, with notice of the person's dissociation as a general partner but without the person's consent, agrees to a material alteration in the nature or time of payment of the obligation. [2009 c 188 § 607.]

ARTICLE 7

TRANSFERABLE INTERESTS AND RIGHTS OF TRANSFEREES AND CREDITORS

25.10.546 Partner's transferable interest. The only interest of a partner that is transferable is the partner's transferable interest. A transferable interest is personal property. [2009 c 188 § 701.]

25.10.551 Transfer of partner's transferable interest.

(1) A transfer, in whole or in part, of a partner's transferable interest:

(a) Is permissible;

(b) Does not by itself cause the partner's dissociation or a dissolution and winding up of the limited partnership's activities; and

(c) Does not, as against the other partners or the limited partnership, entitle the transferee to participate in the management or conduct of the limited partnership's activities, to require access to information concerning the limited partnership's transactions except as otherwise provided in subsection (3) of this section, or to inspect or copy the required information or the limited partnership's other records.

(2) A transferee has a right to receive, in accordance with the transfer:

(a) Distributions to which the transferor would otherwise be entitled; and

(b) Upon the dissolution and winding up of the limited partnership's activities the net amount otherwise distributable to the transferor.

(3) In a dissolution and winding up, a transferee is entitled to an account of the limited partnership's transactions only from the date of dissolution.

(4) Upon transfer, the transferor retains the rights of a partner other than the interest in distributions transferred and retains all duties and obligations of a partner.

(5) A limited partnership need not give effect to a transferee's rights under this section until the limited partnership has notice of the transfer.

(6) A transfer of a partner's transferable interest in the limited partnership in violation of a restriction on transfer contained in the partnership agreement is ineffective as to a person having notice of the restriction at the time of transfer.

(7) A transferee that becomes a partner with respect to a transferable interest is liable for the transferor's obligations under RCW 25.10.466 and 25.10.501. However, the transferee is not obligated for liabilities unknown to the transferee at the time the transferee became a partner. [2009 c 188 § 702.]

25.10.556 Rights of creditor of partner or transferee.

(1) On application to a court of competent jurisdiction by any judgment creditor of a partner or transferee, the court may charge the transferable interest of the judgment debtor with payment of the unsatisfied amount of the judgment with interest. To the extent so charged, the judgment creditor has only the rights of a transferee. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor in respect of the partnership and make all other orders, directions, accounts, and inquiries the judgment debtor might have made or that the circumstances of the case may require to give effect to the charging order.

(2) A charging order constitutes a lien on the judgment debtor's transferable interest. The court may order a foreclosure upon the interest subject to the charging order at any time. The purchaser at the foreclosure sale has the rights of a transferee.

(3) At any time before foreclosure, an interest charged may be redeemed:

(a) By the judgment debtor;

(b) With property other than limited partnership property, by one or more of the other partners; or

(c) With limited partnership property, by the limited partnership with the consent of all partners whose interests are not so charged.

(4) This chapter does not deprive any partner or transferee of the benefit of any exemption laws applicable to the partner's or transferee's transferable interest.

(5) This section provides the exclusive remedy by which a judgment creditor of a partner or transferee may satisfy a judgment out of the judgment debtor's transferable interest. [2009 c 188 § 703.]

25.10.561 Power of estate of deceased partner. If a partner dies, the deceased partner's personal representative or other legal representative may exercise the rights of a transferee as provided in RCW 25.10.551 and, for the purposes of settling the estate, may exercise the rights of a current limited partner under RCW 25.10.331. [2009 c 188 § 704.]

ARTICLE 8
DISSOLUTION

25.10.571 Nonjudicial dissolution. Except as otherwise provided in RCW 25.10.576, a limited partnership is dissolved, and its activities must be wound up, only upon the occurrence of any of the following:

(1) The happening of an event specified in the partnership agreement;

(2) The consent of all general partners and of limited partners owning a majority of the rights to receive distributions as limited partners at the time the consent is to be effective;

(3) The passage of ninety days after the dissociation of a person as a general partner if following such dissociation the limited partnership does not have a remaining general partner unless before the end of the period:

(a) Consent to continue the activities of the limited partnership and admit at least one general partner is given by limited partners owning a majority of the rights to receive distributions as limited partners at the time the consent is to be effective; and

(b) At least one person is admitted as a general partner in accordance with the consent;

(4) The passage of ninety days after the dissociation of the limited partnership's last limited partner, unless before the end of the period the limited partnership admits at least one limited partner; or

(5) The signing and filing of a statement of administrative dissolution by the secretary of state under RCW 23.95.610. [2015 c 176 § 6117; 2009 c 188 § 801.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.576 Judicial dissolution. On application by a partner the Thurston county superior court may order dissolution of a limited partnership if it is not reasonably practicable to carry on the activities of the limited partnership in conformity with the partnership agreement. [2009 c 188 § 802.]

25.10.581 Winding up. (1) A limited partnership continues after dissolution only for the purpose of winding up its activities.

(2) In winding up its activities, the limited partnership:

(a) May amend its certificate of limited partnership to state that the limited partnership is dissolved, preserve the limited partnership business or property as a going concern for a reasonable time, prosecute and defend actions and proceedings, whether civil, criminal, or administrative, transfer the limited partnership's property, settle disputes by mediation or arbitration, file a statement of termination as provided in RCW 25.10.221, and perform other necessary acts; and

(b) Shall discharge the limited partnership's liabilities, settle and close the limited partnership's activities, and marshal and distribute the assets of the partnership.

(3) If a dissolved limited partnership does not have a general partner, a person to wind up the dissolved limited partnership's activities may be appointed by the consent of limited partners owning a majority of the rights to receive distributions as limited partners at the time the consent is to be effective. A person appointed under this subsection:

(a) Has the powers of a general partner under RCW 25.10.586; and

(b) Shall promptly amend the certificate of limited partnership to state:

(i) That the limited partnership does not have a general partner;

(ii) The name of the person that has been appointed to wind up the limited partnership; and

(iii) The street and mailing address of the person.

(4) On the application of any partner, or, if there are no partners, any transferee of a partner's transferable interest, the Thurston county superior court may order judicial supervision of the winding up, including the appointment of a person to wind up the dissolved limited partnership's activities, if:

(a) A limited partnership does not have a general partner and within a reasonable time following the dissolution no person has been appointed pursuant to subsection (3) of this section; or

(b) The applicant establishes other good cause. [2009 c 188 § 803.]

25.10.586 Power of general partner and person dissociated as general partner to bind partnership after dissolution. (1) A limited partnership is bound by a general partner's act after dissolution that:

(a) Is appropriate for winding up the limited partnership's activities; or

(b) Would have bound the limited partnership under RCW 25.10.381 before dissolution, if, at the time the other party enters into the transaction, the other party does not have notice of the dissolution.

(2) A person dissociated as a general partner binds a limited partnership through an act occurring after dissolution if:

(a) At the time the other party enters into the transaction:

(i) Less than two years have passed since the dissociation; and

(ii) The other party does not have notice of the dissociation and reasonably believes that the person is a general partner; and

(b) The act:

(i) Is appropriate for winding up the limited partnership's activities; or

(ii) Would have bound the limited partnership under RCW 25.10.381 before dissolution and at the time the other party enters into the transaction the other party does not have notice of the dissolution. [2009 c 188 § 804.]

25.10.591 Liability after dissolution of general partner and person dissociated as general partner to limited partnership, other general partners, and persons dissociated as general partner. (1) If a general partner having knowledge of the dissolution causes a limited partnership to incur an obligation under RCW 25.10.586(1) by an act that is not appropriate for winding up the partnership's activities, the general partner is liable:

(a) To the limited partnership for any damage caused to the limited partnership arising from the obligation; and

(b) If another general partner or a person dissociated as a general partner is liable for the obligation, to that other general partner or person for any damage caused to that other general partner or person arising from the liability.

(2) If a person dissociated as a general partner causes a limited partnership to incur an obligation under RCW 25.10.586(2), the person is liable:

(a) To the limited partnership for any damage caused to the limited partnership arising from the obligation; and

(b) If a general partner or another person dissociated as a general partner is liable for the obligation, to the general partner or other person for any damage caused to the general partner or other person arising from the liability. [2009 c 188 § 805.]

25.10.596 Known claims against dissolved limited partnership. (1) A dissolved limited partnership may dispose of the known claims against it by following the procedure described in subsection (2) of this section.

(2) A dissolved limited partnership may notify its known claimants of the dissolution in a record. The notice must:

(a) Specify the information required to be included in a claim;

(b) Provide a mailing address to which the claim is to be sent;

(c) State the deadline for receipt of the claim, which may not be less than one hundred twenty days after the date the notice is received by the claimant;

(d) State that the claim will be barred if not received by the deadline; and

(e) Unless the limited partnership has been throughout its existence a limited liability limited partnership, state that the barring of a claim against the limited partnership will also bar any corresponding claim against any general partner or person dissociated as a general partner that is based on RCW 25.10.401.

(3) A claim against a dissolved limited partnership is barred if the requirements of subsection (2) of this section are met and:

(a) The claim is not received by the specified deadline; or

(b) In the case of a claim that is timely received but rejected by the dissolved limited partnership, the claimant does not commence an action to enforce the claim against the

limited partnership within ninety days after the receipt of the notice of the rejection.

(4) This section does not apply to a claim based on an event occurring after the effective date of dissolution or a liability that is contingent on that date. [2009 c 188 § 806.]

25.10.601 Other claims against dissolved limited partnership. (1) A dissolved limited partnership may publish notice of its dissolution and request persons having claims against the limited partnership to present them in accordance with the notice.

(2) The notice must:

(a) Be published at least once in a newspaper of general circulation in the county in which the dissolved limited partnership's principal office is located or, if it has none in this state, in the county in which the limited partnership's designated office is or was last located;

(b) Describe the information required to be contained in a claim and provide a mailing address to which the claim is to be sent;

(c) State that a claim against the limited partnership is barred unless an action to enforce the claim is commenced within three years after publication of the notice; and

(d) Unless the limited partnership has been throughout its existence a limited liability limited partnership, state that the barring of a claim against the limited partnership will also bar any corresponding claim against any general partner or person dissociated as a general partner that is based on RCW 25.10.401.

(3) If a dissolved limited partnership publishes a notice in accordance with subsection (2) of this section, the claim of each of the following claimants is barred unless the claimant commences an action to enforce the claim against the dissolved limited partnership within three years after the publication date of the notice:

(a) A claimant that did not receive notice in a record under RCW 25.10.596;

(b) A claimant whose claim was timely sent to the dissolved limited partnership but not acted on; and

(c) A claimant whose claim is contingent or based on an event occurring after the effective date of dissolution.

(4) A claim not barred under this section may be enforced:

(a) Against the dissolved limited partnership, to the extent of its undistributed assets;

(b) If the assets have been distributed in liquidation, against a partner or transferee to the extent of that person's proportionate share of the claim or the limited partnership's assets distributed to the partner or transferee in liquidation, whichever is less, but a person's total liability for all claims under this subsection (4)(b) does not exceed the total amount of assets distributed to the person as part of the winding up of the dissolved limited partnership; or

(c) Against any person liable on the claim under RCW 25.10.401. [2009 c 188 § 807.]

25.10.606 Liability of general partner and person dissociated as general partner when claim against limited partnership barred. If a claim against a dissolved limited partnership is barred under RCW 25.10.596 or 25.10.601,

any corresponding claim under RCW 25.10.401 is also barred. [2009 c 188 § 808.]

25.10.611 Administrative dissolution. The secretary of state may dissolve a limited partnership administratively under the circumstances and procedures specified in Article 6 of chapter 23.95 RCW. [2015 c 176 § 6118; 2009 c 188 § 809.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.616 Reinstatement following administrative dissolution. A limited partnership that has been administratively dissolved may apply to the secretary of state for reinstatement in accordance with RCW 23.95.615. [2015 c 176 § 6119; 2009 c 188 § 810.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.621 Disposition of assets—When contributions required. (1) In winding up a limited partnership's activities, the assets of the limited partnership, including the contributions required by this section, must be applied to satisfy the limited partnership's obligations to creditors including, to the extent permitted by law, partners that are creditors.

(2) Any surplus remaining after the limited partnership complies with subsection (1) of this section must be paid in cash as a distribution.

(3) If a limited partnership's assets are insufficient to satisfy all of its obligations under subsection (1) of this section, with respect to each unsatisfied obligation incurred when the limited partnership was not a limited liability limited partnership, the following rules apply:

(a) Each person that was a general partner when the obligation was incurred and that has not been released from the obligation under RCW 25.10.541 shall contribute to the limited partnership for the purpose of enabling the limited partnership to satisfy the obligation. The contribution due from each of those persons is in proportion to the right to receive distributions in the capacity of general partner in effect for each of those persons when the obligation was incurred.

(b) If a person does not contribute the full amount required under (a) of this subsection with respect to an unsatisfied obligation of the limited partnership, the other persons required to contribute by (a) of this subsection on account of the obligation shall contribute the additional amount necessary to discharge the obligation. The additional contribution due from each of those other persons is in proportion to the right to receive distributions in the capacity of general partner in effect for each of those other persons when the obligation was incurred.

(c) If a person does not make the additional contribution required by (b) of this subsection, further additional contributions are determined and due in the same manner as provided in (b) of this subsection.

(4) A person that makes an additional contribution under subsection (3)(b) or (c) of this section may recover from any person whose failure to contribute under subsection (3)(a) or (b) of this section necessitated the additional contribution. A person may not recover under this subsection more than the amount additionally contributed. A person's liability under

this subsection may not exceed the amount the person failed to contribute.

(5) The estate of a deceased individual is liable for the person's obligations under this section.

(6) An assignee for the benefit of creditors of a limited partnership or a partner, or a person appointed by a court to represent creditors of a limited partnership or a partner, may enforce a person's obligation to contribute under subsection (3) of this section. [2009 c 188 § 811.]

ARTICLE 9 FOREIGN LIMITED PARTNERSHIPS

25.10.641 Effect of registration and governing law. A foreign limited partnership that registers to transact business in this state is subject to RCW 23.95.500 relating to the effect of registration and the governing law for registered foreign limited partnerships. [2015 c 176 § 6120; 2009 c 188 § 901.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.646 Registration with the secretary of state. Before transacting business in this state, a foreign limited partnership shall register with the secretary of state in accordance with Article 5 of chapter 23.95 RCW. [2015 c 176 § 6121; 2009 c 188 § 902.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.651 Activities not constituting transacting business. A nonexhaustive list of activities of a foreign limited partnership that do not constitute transacting business in this state is provided in RCW 23.95.520. [2015 c 176 § 6122; 2009 c 188 § 903.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.661 Name of foreign limited partnership. The name of a foreign limited partnership registered in this state must comply with the provisions of RCW 23.95.525 and Article 3 of chapter 23.95 RCW. [2015 c 176 § 6123; 2009 c 188 § 905.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.666 Termination of registration. The secretary of state may terminate the registration of a registered foreign limited partnership in accordance with RCW 23.95.550. [2015 c 176 § 6124; 2009 c 188 § 906.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.671 Withdrawal of registration. In order to withdraw its registration, a foreign limited partnership must deliver to the secretary of state for filing a statement of withdrawal in accordance with RCW 23.95.530. [2015 c 176 § 6125; 2009 c 188 § 907.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

(2020 Ed.)

ARTICLE 10 ACTIONS BY PARTNERS

25.10.701 Direct action by partner. (1) Subject to subsection (2) of this section, a partner may maintain a direct action against the limited partnership or another partner for legal or equitable relief, with or without an accounting as to the partnership's activities, to enforce the rights and otherwise protect the interests of the partner, including rights and interests under the partnership agreement or this chapter or arising independently of the partnership relationship.

(2) A partner commencing a direct action under this section is required to plead and prove an actual or threatened injury that is not solely the result of an injury suffered or threatened to be suffered by the limited partnership.

(3) The accrual of, and any time limitation on, a right of action for a remedy under this section is governed by other law. A right to an accounting upon a dissolution and winding up does not revive a claim barred by law. [2009 c 188 § 1001.]

25.10.706 Derivative action. A partner may maintain a derivative action to enforce a right of a limited partnership if:

(1) The partner first makes a demand on the general partners, requesting that they cause the limited partnership to bring an action to enforce the right, and the general partners do not bring the action within a reasonable time; or

(2) A demand would be futile. [2009 c 188 § 1002.]

25.10.711 Proper plaintiff. A derivative action may be maintained only by a person that is a partner at the time the action is commenced and:

(1) That was a partner when the conduct giving rise to the action occurred; or

(2) Whose status as a partner devolved upon the person by operation of law or pursuant to the terms of the partnership agreement from a person that was a partner at the time of the conduct. [2009 c 188 § 1003.]

25.10.716 Pleading. In a derivative action, the complaint must state with particularity:

(1) The date and content of plaintiff's demand and the general partners' response to the demand; or

(2) Why a demand should be excused as futile. [2009 c 188 § 1004.]

25.10.721 Proceeds and expenses. (1) Except as otherwise provided in subsection (2) of this section:

(a) Any proceeds or other benefits of a derivative action, whether by judgment, compromise, or settlement, belong to the limited partnership and not to the derivative plaintiff;

(b) If the derivative plaintiff receives any proceeds, the derivative plaintiff shall immediately remit them to the limited partnership.

(2) If a derivative action is successful in whole or in part, the court may award the plaintiff reasonable expenses, including reasonable attorneys' fees, from the recovery of the limited partnership. [2009 c 188 § 1005.]

ARTICLE 11
CONVERSION AND MERGER

25.10.751 Definitions. In this article:

(1) "Constituent limited partnership" means a constituent organization that is a limited partnership.

(2) "Constituent organization" means an organization that is party to a merger.

(3) "Converted organization" means the organization into which a converting organization converts pursuant to RCW 25.10.756 through 25.10.771.

(4) "Converting limited partnership" means a converting organization that is a limited partnership.

(5) "Converting organization" means an organization that converts into another organization pursuant to RCW 25.10.756.

(6) "General partner" means a general partner of a limited partnership.

(7) "Governing statute" of an organization means the statute that governs the organization's internal affairs.

(8) "Organization" means a general partnership, including a limited liability partnership; limited partnership, including a limited liability limited partnership; limited liability company; business trust; corporation; or any other person having a governing statute. The term includes domestic and foreign organizations whether or not organized for profit.

(9) "Organizational documents" means:

(a) For a domestic or foreign general partnership, its partnership agreement;

(b) For a limited partnership or foreign limited partnership, its certificate of limited partnership and partnership agreement;

(c) For a domestic or foreign limited liability company, its certificate of formation and limited liability company agreement, or comparable records as provided in its governing statute;

(d) For a business trust, its agreement of trust and declaration of trust;

(e) For a domestic or foreign corporation for profit, its articles of incorporation, bylaws, and other agreements among its shareholders that are authorized by its governing statute, or comparable records as provided in its governing statute; and

(f) For any other organization, the basic records that create the organization and determine its internal governance and the relations among the persons that own it, have an interest in it, or are members of it.

(10) "Personal liability" means personal liability for a debt, liability, or other obligation of an organization that is imposed on a person that co-owns, has an interest in, or is a member of the organization:

(a) By the organization's governing statute solely by reason of the person co-owning, having an interest in, or being a member of the organization; or

(b) By the organization's organizational documents under a provision of the organization's governing statute authorizing those documents to make one or more specified persons liable for all or specified debts, liabilities, and other obligations of the organization solely by reason of the person or persons co-owning, having an interest in, or being a member of the organization.

(11) "Surviving organization" means an organization into which one or more other organizations are merged. [2009 c 188 § 1101.]

25.10.756 Conversion. (1) An organization other than a limited partnership may convert into a limited partnership, and a limited partnership may convert into another organization pursuant to this section and RCW 25.10.761 through 25.10.771 and a plan of conversion, if:

(a) The other organization's governing statute authorizes the conversion;

(b) The conversion is not prohibited by the law of the jurisdiction that enacted the governing statute; and

(c) The other organization complies with its governing statute in effecting the conversion.

(2) A plan of conversion must be in a record and must include:

(a) The name and form of the organization before conversion;

(b) The name and form of the organization after conversion;

(c) The terms and conditions of the conversion, including the manner and basis for converting interests in the converting organization into any combination of money, interests in the converted organization, and other consideration; and

(d) The organizational documents of the converted organization. [2009 c 188 § 1102.]

25.10.761 Action on plan of conversion by converting limited partnership. (1) Subject to RCW 25.10.796, a plan of conversion must be consented to by all the partners of a converting limited partnership.

(2) Subject to RCW 25.10.796 and any contractual rights, after a conversion is approved, and at any time before a filing is made under RCW 25.10.766, a converting limited partnership may amend the plan or abandon the planned conversion:

(a) As provided in the plan; and

(b) Except as prohibited by the plan, by the same consent as was required to approve the plan. [2009 c 188 § 1103.]

25.10.766 Filings required for conversion—Effective date. (1) After a plan of conversion is approved:

(a) A converting limited partnership shall deliver to the secretary of state for filing articles of conversion, which must include:

(i) A statement that the limited partnership has been converted into another organization;

(ii) The name and form of the organization and the jurisdiction of its governing statute;

(iii) The date the conversion is effective under the governing statute of the converted organization;

(iv) A statement that the conversion was approved as required by this chapter;

(v) A statement that the conversion was approved as required by the governing statute of the converted organization; and

(vi) If the converted organization is a foreign organization not registered to transact business in this state, the street and mailing address of the organization's principal office that

may be used for service of process under RCW 23.95.450; and

(b) If the converting organization is not a converting limited partnership, the converting organization shall deliver to the secretary of state for filing a certificate of limited partnership, which must include, in addition to the information required by RCW 25.10.201:

(i) A statement that the limited partnership was converted from another organization;

(ii) The name and form of the organization and the jurisdiction of its governing statute; and

(iii) A statement that the conversion was approved in a manner that complied with the organization's governing statute.

(2) A conversion becomes effective:

(a) If the converted organization is a limited partnership, when the certificate of limited partnership takes effect; and

(b) If the converted organization is not a limited partnership, as provided by the governing statute of the converted organization. [2015 c 176 § 6126; 2009 c 188 § 1104.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.771 Effect of conversion. (1) An organization that has been converted pursuant to this article is for all purposes the same entity that existed before the conversion.

(2) When a conversion takes effect:

(a) All property owned by the converting organization remains vested in the converted organization;

(b) All debts, liabilities, and other obligations of the converting organization continue as obligations of the converted organization;

(c) An action or proceeding pending by or against the converting organization may be continued as if the conversion had not occurred;

(d) Except as prohibited by other law, all of the rights, privileges, immunities, powers, and purposes of the converting organization remain vested in the converted organization;

(e) Except as otherwise provided in the plan of conversion, the terms and conditions of the plan of conversion take effect; and

(f) Except as otherwise agreed, the conversion does not dissolve a converting limited partnership for the purposes of article 8 of this chapter.

(3) A converted organization that is a foreign organization consents to the jurisdiction of the courts of this state to enforce any obligation owed by the converting limited partnership, if before the conversion the converting limited partnership was subject to suit in this state on the obligation. A converted organization that is a foreign organization and not registered to transact business in this state may be served with process pursuant to RCW 23.95.450 for purposes of enforcing an obligation under this subsection. [2015 c 176 § 6127; 2009 c 188 § 1105.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.776 Merger. (1) A limited partnership may merge with one or more other constituent organizations pursuant to this section and RCW 25.10.781 through 25.10.791 and a plan of merger, if:

(a) The governing statute of each of the other organizations authorizes the merger;

(b) The merger is not prohibited by the law of a jurisdiction that enacted any of those governing statutes; and

(c) Each of the other organizations complies with its governing statute in effecting the merger.

(2) A plan of merger must be in a record and must include:

(a) The name and form of each constituent organization;

(b) The name and form of the surviving organization;

(c) The terms and conditions of the merger, including the manner and basis for converting the interests in each constituent organization into any combination of money, interests in the surviving organization, and other consideration; and

(d) Any amendments to be made by the merger to the surviving organization's organizational documents. [2009 c 188 § 1106.]

25.10.781 Action on plan of merger by constituent limited partnership. (1) Subject to RCW 25.10.796, a plan of merger must be consented to by all the partners of a constituent limited partnership.

(2) Subject to RCW 25.10.796 and any contractual rights, after a merger is approved, and at any time before a filing is made under RCW 25.10.786, a constituent limited partnership may amend the plan or abandon the planned merger:

(a) As provided in the plan; and

(b) Except as prohibited by the plan, with the same consent as was required to approve the plan.

(3) If a domestic corporation is a party to the merger, the plan of merger shall be adopted and approved as provided in chapter 23B.11 RCW.

(4) If a domestic partnership is a party to the merger, the plan of merger shall be approved as provided in RCW 25.05.375.

(5) If a domestic limited liability company is a party to the merger, the plan of merger shall be approved as provided in RCW 25.15.421. [2015 c 188 § 118; 2009 c 188 § 1107.]

Effective date—2015 c 188: See RCW 25.15.903.

25.10.786 Filings required for merger—Effective date. (1) After each constituent organization has approved a merger, articles of merger must be signed on behalf of:

(a) Each constituent limited partnership, by each general partner listed in the certificate of limited partnership; and

(b) Each other constituent organization, by an authorized representative.

(2) The articles of merger must include:

(a) The name and form of each constituent organization and the jurisdiction of its governing statute;

(b) The name and form of the surviving organization and the jurisdiction of its governing statute;

(c) The date the merger is effective under the governing statute of the surviving organization;

(d) Any amendments provided for in the plan of merger for the organizational document that created the surviving organization;

(e) A statement as to each constituent organization that the merger was approved as required by the organization's governing statute;

(f) If the surviving organization is a foreign organization not registered to transact business in this state, the street and mailing address of the organization's principal office that may be used for service of process under RCW 23.95.450; and

(g) Any additional information required by the governing statute of any constituent organization.

(3) Each constituent limited partnership shall deliver the articles of merger for filing in the office of the secretary of state.

(4) A merger becomes effective under this article:

(a) If the surviving organization is a limited partnership, upon the later of:

(i) Compliance with subsection (3) of this section; or

(ii) Subject to RCW 25.10.251(2), as specified in the articles of merger; or

(b) If the surviving organization is not a limited partnership, as provided by the governing statute of the surviving organization. [2015 c 176 § 6128; 2009 c 188 § 1108.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.791 Effect of merger. (1) When a merger becomes effective:

(a) The surviving organization continues;

(b) Each constituent organization that merges into the surviving organization ceases to exist as a separate entity;

(c) All property owned by each constituent organization that ceases to exist vests in the surviving organization;

(d) All debts, liabilities, and other obligations of each constituent organization that ceases to exist continue as obligations of the surviving organization;

(e) An action or proceeding pending by or against any constituent organization that ceases to exist may be continued as if the merger had not occurred;

(f) Except as prohibited by other law, all of the rights, privileges, immunities, powers, and purposes of each constituent organization that ceases to exist vest in the surviving organization;

(g) Except as otherwise provided in the plan of merger, the terms and conditions of the plan of merger take effect;

(h) Except as otherwise agreed, if a constituent limited partnership ceases to exist, the merger does not dissolve the limited partnership for the purposes of article 8 of this chapter; and

(i) Any amendments provided for in the articles of merger for the organizational document that created the surviving organization become effective.

(2) A surviving organization that is a foreign organization consents to the jurisdiction of the courts of this state to enforce any obligation owed by a constituent organization, if before the merger the constituent organization was subject to suit in this state on the obligation. A surviving organization that is a foreign organization and not registered to transact business in this state may be served with process pursuant to RCW 23.95.450 for the purposes of enforcing an obligation under this subsection. [2015 c 176 § 6129; 2009 c 188 § 1109.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.796 Restrictions on approval of conversions and mergers and on relinquishing LLLP status. (1) If a partner of a converting or constituent limited partnership will have personal liability with respect to a converted or surviving organization, approval and amendment of a plan of conversion or merger are ineffective without the consent of the partner, unless:

(a) The limited partnership's partnership agreement provides for the approval of the conversion or merger with the consent of fewer than all the partners; and

(b) The partner has consented to the provision of the partnership agreement.

(2) An amendment to a certificate of limited partnership that deletes a statement that the limited partnership is a limited liability limited partnership is ineffective without the consent of each general partner unless:

(a) The limited partnership's partnership agreement provides for the amendment with the consent of less than all the general partners; and

(b) Each general partner that does not consent to the amendment has consented to the provision of the partnership agreement.

(3) A partner does not give the consent required by subsection (1) or (2) of this section merely by consenting to a provision of the partnership agreement that permits the partnership agreement to be amended with the consent of fewer than all the partners. [2009 c 188 § 1110.]

25.10.801 Liability of general partner after conversion or merger. (1) A conversion or merger under this article does not discharge any liability under RCW 25.10.401 and 25.10.541 of a person that was a general partner in or dissociated as a general partner from a converting or constituent limited partnership, but:

(a) The provisions of this chapter pertaining to the collection or discharge of the liability continue to apply to the liability;

(b) For the purposes of applying those provisions, the converted or surviving organization is deemed to be the converting or constituent limited partnership; and

(c) If a person is required to pay any amount under this subsection:

(i) The person has a right of contribution from each other person that was liable as a general partner under RCW 25.10.401 when the obligation was incurred and has not been released from the obligation under RCW 25.10.541; and

(ii) The contribution due from each of those persons is in proportion to the right to receive distributions in the capacity of general partner in effect for each of those persons when the obligation was incurred.

(2) In addition to any other liability provided by law:

(a) A person that immediately before a conversion or merger became effective was a general partner in a converting or constituent limited partnership that was not a limited liability limited partnership is personally liable for each obligation of the converted or surviving organization arising from a transaction with a third party after the conversion or merger becomes effective, if, at the time the third party enters into the transaction, the third party:

(i) Does not have notice of the conversion or merger; and

(ii) Reasonably believes that:

(A) The converted or surviving business is the converting or constituent limited partnership;

(B) The converting or constituent limited partnership is not a limited liability limited partnership; and

(C) The person is a general partner in the converting or constituent limited partnership; and

(b) A person that was dissociated as a general partner from a converting or constituent limited partnership before the conversion or merger became effective is personally liable for each obligation of the converted or surviving organization arising from a transaction with a third party after the conversion or merger becomes effective, if:

(i) Immediately before the conversion or merger became effective the converting or surviving limited partnership was not a limited liability limited partnership; and

(ii) At the time the third party enters into the transaction, less than two years have passed since the person dissociated as a general partner and the third party:

(A) Does not have notice of the dissociation;

(B) Does not have notice of the conversion or merger; and

(C) Reasonably believes that the converted or surviving organization is the converting or constituent limited partnership, the converting or constituent limited partnership is not a limited liability limited partnership, and the person is a general partner in the converting or constituent limited partnership. [2009 c 188 § 1111.]

25.10.806 Power of general partners and persons dissociated as general partners to bind organization after conversion or merger. (1) An act of a person that immediately before a conversion or merger became effective was a general partner in a converting or constituent limited partnership binds the converted or surviving organization after the conversion or merger becomes effective, if:

(a) Before the conversion or merger became effective, the act would have bound the converting or constituent limited partnership under RCW 25.10.381; and

(b) At the time the third party enters into the transaction, the third party:

(i) Does not have notice of the conversion or merger; and

(ii) Reasonably believes that the converted or surviving business is the converting or constituent limited partnership and that the person is a general partner in the converting or constituent limited partnership.

(2) An act of a person that before a conversion or merger became effective was dissociated as a general partner from a converting or constituent limited partnership binds the converted or surviving organization after the conversion or merger becomes effective, if:

(a) Before the conversion or merger became effective, the act would have bound the converting or constituent limited partnership under RCW 25.10.381 if the person had been a general partner; and

(b) At the time the third party enters into the transaction, less than two years have passed since the person dissociated as a general partner and the third party:

(i) Does not have notice of the dissociation;

(ii) Does not have notice of the conversion or merger; and

(iii) Reasonably believes that the converted or surviving organization is the converting or constituent limited partnership and that the person is a general partner in the converting or constituent limited partnership.

(3) If a person having knowledge of the conversion or merger causes a converted or surviving organization to incur an obligation under subsection (1) or (2) of this section, the person is liable:

(a) To the converted or surviving organization for any damage caused to the organization arising from the obligation; and

(b) If another person is liable for the obligation, to that other person for any damage caused to that other person arising from the liability. [2009 c 188 § 1112.]

25.10.811 Article not exclusive. This article does not preclude an entity from being converted or merged under other law. [2009 c 188 § 1113.]

ARTICLE 12 DISSENTERS' RIGHTS

25.10.831 Definitions.

In this article:

(1) "Dissenter" means a partner who is entitled to dissent from a plan of merger and who exercises that right when and in the manner required by this article.

(2) "Fair value," with respect to a dissenter's partnership interest, means the value of the partnership interest immediately before the effectuation of the merger to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the merger unless exclusion would be inequitable.

(3) "Interest" means interest from the effective date of the merger until the date of payment, at the average rate currently paid by the limited partnership on its principal bank loans or, if none, at a rate that is fair and equitable under all the circumstances.

(4) "Limited partnership" means the domestic limited partnership in which the dissenter holds or held a partnership interest, or the surviving organization, whether foreign or domestic, of that limited partnership. [2009 c 188 § 1201.]

Reviser's note: The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

25.10.836 Partner—Dissent—Payment of fair value.

(1) Except as provided in RCW 25.10.846 or 25.10.856(2), a partner of a domestic limited partnership is entitled to dissent from, and obtain payment of, the fair value of the partner's partnership interest in the event of consummation of a plan of merger to which the limited partnership is a party as permitted by RCW 25.10.776.

(2) A partner entitled to dissent and obtain payment for the partner's partnership interest under this article may not challenge the merger creating the partner's entitlement unless the merger fails to comply with the procedural requirements imposed by this chapter, Title 23B RCW, chapter 25.05 RCW, chapter 25.15 RCW, or the partnership agreement, or is fraudulent with respect to the partner or the limited partnership.

(3) The right of a dissenting partner to obtain payment of the fair value of the partner's partnership interest shall terminate upon the occurrence of any one of the following events:

- (a) The proposed merger is abandoned or rescinded;
- (b) A court having jurisdiction permanently enjoins or sets aside the merger; or

(c) The partner's demand for payment is withdrawn with the written consent of the limited partnership. [2009 c 188 § 1202.]

25.10.841 Dissenters' rights—Notice—Timing. (1) Not less than ten days prior to the approval of a plan of merger, the limited partnership must send a written notice to all partners who are entitled to vote on or approve the plan of merger that they may be entitled to assert dissenters' rights under this article. Such notice shall be accompanied by a copy of this article.

(2) The limited partnership shall notify in writing all partners not entitled to vote on or approve the plan of merger that the plan of merger was approved, and send them the dissenters' notice as required by RCW 25.10.851. [2009 c 188 § 1203.]

25.10.846 Partner—Dissent—Voting restriction. A partner who is entitled to vote on or approve the plan of merger and who wishes to assert dissenters' rights must not vote in favor of or approve the plan of merger. A partner who does not satisfy the requirements of this section is not entitled to payment for the partner's interest under this article. [2009 c 188 § 1204.]

25.10.851 Partners—Dissenters' notice—Requirements. (1) If the plan of merger is approved, the limited partnership shall deliver a written dissenters' notice to all partners who satisfied the requirements of RCW 25.10.846.

(2) The dissenters' notice required by RCW 25.10.841(2) or by subsection (1) of this section must be sent within ten days after the approval of the plan of merger, and must:

- (a) State where the payment demand must be sent;
- (b) Inform holders of the partnership interest as to the extent transfer of the partnership interest will be restricted as permitted by RCW 25.10.861 after the payment demand is received;
- (c) Supply a form for demanding payment;
- (d) Set a date by which the limited partnership must receive the payment demand, which date may not be fewer than thirty nor more than sixty days after the date the notice under this section is delivered; and
- (e) Be accompanied by a copy of this article. [2009 c 188 § 1205.]

25.10.856 Partner—Payment demand—Entitlement. (1) A partner who demands payment retains all other rights of a partner until the proposed merger becomes effective.

(2) A partner sent a dissenters' notice who does not demand payment by the date set in the dissenters' notice is not entitled to payment for the partner's partnership interest under this article. [2009 c 188 § 1206.]

25.10.861 Partnership interests—Transfer restrictions. The limited partnership may restrict the transfer of

partnership interests from the date the demand for their payment is received until the proposed merger becomes effective or the restriction is released under this article. [2009 c 188 § 1207.]

25.10.866 Payment of fair value—Requirements for compliance. (1) Within thirty days of the later of the date the proposed merger becomes effective, or the payment demand is received, the limited partnership shall pay each dissenter who complied with RCW 25.10.856 the amount the limited partnership estimates to be the fair value of the partnership interest, plus accrued interest.

(2) The payment must be accompanied by:

- (a) Copies of any financial statements for the most recent fiscal year maintained as required by RCW 25.10.091;
- (b) An explanation of how the limited partnership estimated the fair value of the partnership interest;
- (c) An explanation of how the accrued interest was calculated;
- (d) A statement of the dissenter's right to demand payment; and
- (e) A copy of this article. [2009 c 188 § 1208.]

25.10.871 Merger—Not effective within sixty days—Transfer restrictions. (1) If the proposed merger does not become effective within sixty days after the date set for demanding payment, the limited partnership shall release any transfer restrictions imposed as permitted by RCW 25.10.861.

(2) If, after releasing transfer restrictions, the proposed merger becomes effective, the limited partnership must send a new dissenters' notice as provided in RCW 25.10.841(2) and 25.10.851 and repeat the payment demand procedure. [2009 c 188 § 1209.]

25.10.876 Dissenter's estimate of fair value—Notice. (1) A dissenter may notify the limited partnership in writing of the dissenter's own estimate of the fair value of the dissenter's partnership interest and amount of interest due, and demand payment of the dissenter's estimate, less any payment under RCW 25.10.866; if:

- (a) The dissenter believes that the amount paid is less than the fair value of the dissenter's partnership interest or that the interest due is incorrectly calculated;
- (b) The limited partnership fails to make payment within sixty days after the date set for demanding payment; or
- (c) The limited partnership, having failed to effectuate the proposed merger, does not release the transfer restrictions imposed on partnership interests as permitted by RCW 25.10.861 within sixty days after the date set for demanding payment.

(2) A dissenter waives the right to demand payment under this section unless the dissenter notifies the limited partnership of the dissenter's demand in writing under subsection (1)(a) of this section within thirty days after the limited partnership made payment for the dissenter's partnership interest. [2009 c 188 § 1210.]

25.10.881 Unsettled demand for payment—Proceeding—Parties—Appraisers. (1) If a demand for payment under RCW 25.10.876 remains unsettled, the limited partner-

ship shall commence a proceeding within sixty days after receiving the payment demand and petition the court to determine the fair value of the partnership interest and accrued interest. If the limited partnership does not commence the proceeding within the sixty-day period, it shall pay each dissenter whose demand remains unsettled the amount demanded.

(2) The limited partnership shall commence the proceeding in the superior court in the county where its office is or was maintained as required by RCW 25.10.121.

(3) The limited partnership shall make all dissenters, whether or not residents of this state, whose demands remain unsettled parties to the proceeding as in an action against their partnership interests and all parties must be served with a copy of the petition. Nonresidents may be served by registered or certified mail or by publication as provided by law.

(4) The limited partnership may join as a party to the proceeding any partner who claims to be a dissenter but who has not, in the opinion of the limited partnership, complied with the provisions of this chapter. If the court determines that such partner has not complied with the provisions of this article, the partner shall be dismissed as a party.

(5) The jurisdiction of the court in which the proceeding is commenced is plenary and exclusive. The court may appoint one or more persons as appraisers to receive evidence and recommend decisions on the question of fair value. The appraisers have the powers described in the order appointing them or in any amendment to it. The dissenters are entitled to the same discovery rights as parties in other civil proceedings.

(6) Each dissenter made a party to the proceeding is entitled to judgment for the amount, if any, by which the court finds the fair value of the dissenter's partnership interest, plus interest, exceeds the amount paid by the limited partnership. [2009 c 188 § 1211.]

25.10.886 Unsettled demand for payment—Costs, fees, and expenses of counsel. (1) The court in a proceeding commenced under RCW 25.10.881 shall determine all costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court. The court shall assess the costs against the limited partnership, except that the court may assess the costs against all or some of the dissenters, in amounts the court finds equitable, to the extent the court finds the dissenters acted arbitrarily, vexatiously, or not in good faith in demanding payment.

(2) The court may also assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable:

(a) Against the limited partnership and in favor of any or all dissenters if the court finds the limited partnership did not substantially comply with the requirements of this article; or

(b) Against either the limited partnership or a dissenter, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this article.

(3) If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated, and that the fees for those services should not be assessed against the limited partnership, the court may

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award to these counsel reasonable fees to be paid out of the amounts awarded the dissenters who were benefited. [2009 c 188 § 1212.]

ARTICLE 13 MISCELLANEOUS PROVISIONS

25.10.901 Uniformity of application and construction. In applying and construing this chapter, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it. [2009 c 188 § 1301.]

25.10.903 Effective date—2009 c 188. This chapter takes effect January 1, 2010. [2009 c 188 § 1304.]

25.10.906 Relation to electronic signatures in global and national commerce act. This chapter modifies, limits, or supersedes the federal electronic signatures in global and national commerce act, 15 U.S.C. Sec. 7001 et seq., but this chapter does not modify, limit, or supersede section 101(c) of that chapter or authorize electronic delivery of any of the notices described in section 103(b) of that chapter. [2009 c 188 § 1303.]

25.10.911 Application to existing relationships. (1) Before July 1, 2010, this chapter governs only:

(a) A limited partnership formed on or after January 1, 2010; and

(b) Except as otherwise provided in subsections (3) and (4) of this section, a limited partnership formed before January 1, 2010, that elects, in the manner provided in its partnership agreement or by law for amending the partnership agreement, to be subject to this chapter.

(2) Except as otherwise provided in subsection (3) of this section, on and after July 1, 2010, this chapter governs all limited partnerships.

(3) With respect to a limited partnership formed before January 1, 2010, the following rules apply except as the partners otherwise elect in the manner provided in the partnership agreement or by law for amending the partnership agreement:

(a) RCW 25.10.021(3) does not apply and the limited partnership has whatever duration it had under the law applicable immediately before January 1, 2010.

(b) The limited partnership is not required to amend its certificate of limited partnership to comply with RCW 25.10.201(1)(d).

(c) RCW 25.10.511 and 25.10.516 do not apply and a limited partner has the same right and power to dissociate from the limited partnership, with the same consequences, as existed immediately before January 1, 2010.

(d) RCW 25.10.521(4) does not apply.

(e) RCW 25.10.521(5) does not apply and a court has the same power to expel a general partner as the court had immediately before January 1, 2010.

(f) RCW 25.10.571(3) does not apply and the connection between a person's dissociation as a general partner and the dissolution of the limited partnership is the same as existed immediately before January 1, 2010.

(4) With respect to a limited partnership that elects pursuant to subsection (1)(b) of this section to be subject to this

chapter, after the election takes effect the provisions of this chapter relating to the liability of the limited partnership's general partners to third parties apply:

(a) Before July 1, 2010, to:

(i) A third party that had not done business with the limited partnership in the year before the election took effect; and

(ii) A third party that had done business with the limited partnership in the year before the election took effect only if the third party knows or has received a notification of the election; and

(b) On and after July 1, 2010, to all third parties, but those provisions remain inapplicable to any obligation incurred while those provisions were inapplicable under (a)(ii) of this subsection. [2009 c 188 § 1306.]

25.10.916 Applicable fees, charges, and penalties.

Limited partnerships are subject to the applicable fees, charges, and penalties adopted by the secretary of state under RCW 23.95.260 and 43.07.120. [2015 c 176 § 6130; 2009 c 188 § 1307.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.10.921 Authority to adopt rules. The secretary of state has the power and authority reasonably necessary for the efficient and effective administration of this chapter, including the adoption of rules under chapter 34.05 RCW. [2009 c 188 § 1308.]

25.10.926 Savings clause. This chapter does not affect an action commenced, proceeding brought, or right accrued before January 1, 2010. [2009 c 188 § 1309.]

Chapter 25.12 RCW

LIMITED PARTNERSHIPS EXISTING PRIOR TO JUNE 6, 1945

Sections

25.12.005	Application of chapter.
25.12.010	Limited partnership may be formed.
25.12.020	Of whom composed—Liability of members.
25.12.030	Certificate to be made, acknowledged and filed.
25.12.040	Certificate of partnership—Publication.
25.12.050	Renewal of limited partnership.
25.12.060	Name of firm—When special partner liable as general partner.
25.12.070	Withdrawal of stock and profits—Effect.
25.12.080	Suits by and against limited partnership—Parties.
25.12.090	Dissolution, how accomplished.
25.12.100	Liabilities and rights of members of firm.

25.12.005 Application of chapter. The provisions of this chapter shall apply only to those limited partnerships which were in existence on or prior to June 6, 1945 and which have not become a limited partnership under *chapter 25.08 RCW. [1955 c 15 § 25.12.005.]

***Reviser's note:** Chapter 25.08 RCW was repealed in its entirety by 1981 c 51 § 72; later enactment, see chapter 25.10 RCW.

25.12.010 Limited partnership may be formed. Limited partnerships for the transaction of mercantile, mechanical, or manufacturing business may be formed within this state, by two or more persons, upon the terms and subject to

the conditions contained in this chapter. [1955 c 15 § 25.12.010. Prior: 1869 p 380 § 1; RRS § 9966.]

25.12.020 Of whom composed—Liability of members. A limited partnership may consist of two or more persons, who are known and called general partners, and are jointly liable as general partners now are by law, and of two or more persons who shall contribute to the common stock a specific sum in actual money as capital, and are known and called special partners, and are not personally liable for any of the debts of the partnership, except as in this chapter specially provided. [1955 c 15 § 25.12.020. Prior: 1927 c 106 § 1; 1869 p 380 § 2; RRS § 9967.]

25.12.030 Certificate to be made, acknowledged and filed. The persons forming such partnership shall make and severally subscribe a certificate, in duplicate, and file one of such certificates with the county auditor of the county in which the principal place of business of the partnership is to be. Before being filed, the execution of such certificate shall be acknowledged by each partner subscribing it before some officer authorized to take acknowledgments of deeds; and such certificate shall contain the name assumed by the partnership and under which its business is to be conducted, the names and respective places of residence of all the general and special partners, the amount of capital which each special partner has contributed to the common stock, the general nature of the business to be transacted, and the time when the partnership is to commence, and when it is to terminate. [1955 c 15 § 25.12.030. Prior: 1869 p 380 § 3; RRS § 9968.]

25.12.040 Certificate of partnership—Publication. The partnership cannot commence before the filing of the certificate of partnership, and if a false statement is made in the certificate, all the persons subscribing thereto are liable as general partners for all the debts of the partnership. The partners shall, for four consecutive weeks immediately after the filing of the certificate of partnership, publish a copy of it in some newspaper of general circulation in the county where the principal place of business of the partnership is, and until the publication is made and completed, the partnership is to be deemed general. [1985 c 469 § 12; 1955 c 15 § 25.12.040. Prior: 1869 p 380 § 4; RRS § 9969.]

25.12.050 Renewal of limited partnership. A limited partnership may be continued or renewed by making, acknowledging, filing, and publishing a certificate thereof, in the manner provided in this chapter for the formation of such partnership originally, and every such partnership, not renewed or continued as herein provided, from and after the expiration thereof according to the original certificate, shall be a general partnership. [1955 c 15 § 25.12.050. Prior: 1869 p 381 § 5; RRS § 9970.]

25.12.060 Name of firm—When special partner liable as general partner. The business of the partnership may be conducted under a name in which the names of the general partners only shall be inserted, without the addition of the word "company" or any other general term. If the name of any special partner is used in such firm with his or her consent or privity, he or she shall be deemed and treated as a gen-

eral partner, or if he or she personally makes any contract respecting the concerns of the partnership with any person except the general partners, he or she shall be deemed and treated as a general partner in relation to such contract, unless he or she makes it appear that in making such contract he or she acted and was recognized as a special partner only. [2011 c 336 § 683; 1955 c 15 § 25.12.060. Prior: 1869 p 381 § 6; RRS § 9971.]

25.12.070 Withdrawal of stock and profits—Effect. During the continuance of any partnership formed under this chapter no part of the capital stock thereof shall be withdrawn, nor any division of interests or profits be made, so as to reduce such capital stock below the sum stated in the certificate of partnership before mentioned; and if at any time during the continuance or at the termination of such partnership, the property or assets thereof are not sufficient to satisfy the partnership debts then the special partners shall be severally liable for all sums or amounts by them in any way received or withdrawn from such capital stock, with interest thereon from the time they were so received or withdrawn respectively. [1955 c 15 § 25.12.070. Prior: 1869 p 381 § 7; RRS § 9972.]

25.12.080 Suits by and against limited partnership—Parties. All actions, suits or proceedings respecting the business of such partnership shall be prosecuted by and against the general partners only, except in those cases where special partners or partnerships are to be deemed general partners or partnerships, in which case all the partners deemed general partners may join therein; and excepting also those cases where special partners are severally liable on account of sums or amounts received or withdrawn from the capital stock as provided in RCW 25.12.070. [1955 c 15 § 25.12.080. Prior: 1869 p 381 § 8; RRS § 9973.]

25.12.090 Dissolution, how accomplished. No dissolution of a limited partnership shall take place except by operation of law, before the time specified in the certificate of partnership, unless a notice of such dissolution, subscribed by the general and special partners is filed with the original certificate of partnership or the certificate, if any, renewing or continuing such partnership nor unless a copy of such notice be published for the time and in the manner prescribed for the publication of the certificate of partnership. [1955 c 15 § 25.12.090. Prior: 1869 p 382 § 9; RRS § 9974.]

25.12.100 Liabilities and rights of members of firm. In all cases not otherwise provided for in this chapter, all the members of limited partnerships shall be subject to all the liabilities and entitled to all the rights of general partners. [1955 c 15 § 25.12.100. Prior: 1869 p 382 § 10; RRS § 9975.]

**Chapter 25.15 RCW
LIMITED LIABILITY COMPANIES**

Sections

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ARTICLE I. GENERAL PROVISIONS

25.15.006 Definitions. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Agreed value" means the value of the contributions made by a member to the limited liability company. Such value shall equal the amount agreed upon in a limited liability company agreement or, if no value is agreed upon, the value shall be determined based on the records of the limited liability company.

(2) "Certificate of formation" means the certificate of formation required by RCW 25.15.071 and such certificate as amended or restated.

(3) "Distribution" means a transfer of money or other property from a limited liability company to a member in the member's capacity as a member or to a transferee on account of a transferable interest owned by the transferee.

(4) "Execute," "executes," or "executed" means with present intent to authenticate or adopt a record:

(a) To sign or adopt a tangible symbol; or

(b) To attach to or logically associate with the record an electronic symbol, sound, or process.

(5) "Foreign limited liability company" means an unincorporated entity formed under the law of a jurisdiction other than this state and denominated by that law as a limited liability company.

(6) "Limited liability company" or "domestic limited liability company" means a limited liability company having one or more members or transferees that is formed under this chapter.

(7) "Limited liability company agreement" means the agreement, including the agreement as amended or restated, whether oral, implied, in a record, or in any combination, of the member or members of a limited liability company concerning the affairs of the limited liability company and the conduct of its business.

(8) "Manager" means a person, or a board, committee, or other group of persons, named as a manager of a limited liability company in, or designated as a manager of a limited liability company pursuant to, a limited liability company agreement.

(9) "Manager-managed" means, with respect to a limited liability company, that the limited liability company agreement vests management of the limited liability company in one or more managers.

(10) "Member" means a person who has been admitted to a limited liability company as a member as provided in RCW 25.15.116 and who has not been dissociated from the limited liability company.

(11) "Member-managed" means, with respect to a limited liability company, that the limited liability company is not manager-managed.

(12) "Person" means an individual, corporation, business trust, estate, trust, partnership, limited partnership, limited liability company, association, joint venture, government, governmental subdivision, agency, or instrumentality or any other legal or commercial entity.

(13) "Principal office" means the office, in or out of this state, so designated in the annual report, where the principal executive offices of a domestic or foreign limited liability company are located.

(14) "Professional limited liability company" means a limited liability company that is formed in accordance with RCW 25.15.046 for the purpose of rendering professional service.

(15) "Professional service" means the same as defined under RCW 18.100.030.

(16) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(17) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(18) "Tangible medium" means a writing, copy of a writing, facsimile, or a physical reproduction, each on paper or on other tangible material.

(19) "Transfer" includes an assignment, conveyance, deed, bill of sale, lease, gift, and transfer by operation of law, except as otherwise provided in RCW 25.15.251(6).

(20) "Transferable interest" means a member's or transferee's right to receive distributions of the limited liability company's assets.

(21) "Transferee" means a person to which all or part of a transferable interest has been transferred, whether or not the transferor is a member. [2020 c 57 § 82; 2015 c 188 § 1.]

25.15.011 Name of limited liability company. The name of each limited liability company as set forth in its certificate of formation must comply with Article 3 of chapter 23.95 RCW. [2015 c 176 § 7101; 2015 c 188 § 3.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.016 Reserved name. (1) Reserved Name—Domestic Limited Liability Company. A person may reserve the exclusive use of a limited liability company name by delivering an application to the secretary of state for filing in accordance with RCW 23.95.310.

(2) Reserved Name—Foreign Limited Liability Company. A foreign limited liability company may reserve its name by delivering to the secretary of state for filing an application in accordance with RCW 23.95.315. [2015 c 176 § 7102; 2015 c 188 § 4.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.018 Effect of limited liability company agreement—Nonwaivable provisions. (1) Except as otherwise provided in subsections (2) and (3) of this section, the limited liability company agreement governs:

(a) Relations among the members as members and between the members and the limited liability company; and

(b) The rights and duties under this chapter of a person in the capacity of manager.

(2) To the extent the limited liability company agreement does not otherwise provide for a matter described in subsection (1) of this section, this chapter governs the matter.

(3) A limited liability company agreement may not:

(a) Vary a limited liability company's power under RCW 25.15.031 to sue, be sued, and defend in its own name;

(b) Vary the law applicable to a limited liability company under RCW 25.15.033;

(c) Eliminate or limit the duties of a member or manager in a manner prohibited by RCW 25.15.038(6);

(d) Eliminate or limit the liability of a member or manager in a manner prohibited by RCW 25.15.038(7);

(e) Indemnify a member or manager in a manner prohibited by RCW 25.15.041;

(f) Vary the requirements of RCW 25.15.086;

(g) Vary the records required under RCW 25.15.136(1) or unreasonably restrict the right to records or information under RCW 25.15.136;

(h) Vary the power of a manager to resign under RCW 25.15.176;

(i) Vary the requirements of RCW 25.15.231;

(j) Eliminate or limit the liability of a member, manager, or transferee under RCW 25.15.236;

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(k) Vary the power of a court to decree dissolution in the circumstances specified in RCW 25.15.274;

(l) Vary the requirement to wind up the limited liability company's business as specified in RCW 25.15.297 (1), (2), (4), and (5);

(m) Unreasonably restrict the right to maintain an action under Article X of this chapter;

(n) Restrict the right of a member that will have personal liability with respect to a surviving or converted organization to approve a merger or conversion under RCW 25.15.456; or

(o) Restrict the rights under this chapter of a person other than a member, a transferee, or a manager. [2015 c 188 § 5.]

25.15.021 Registered agent. (1) Each limited liability company shall continuously maintain in this state a registered agent in accordance with Article 4 of chapter 23.95 RCW.

(2) A limited liability company may change its registered agent by delivering to the secretary of state for filing a statement of change in accordance with RCW 23.95.430.

(3) A registered agent may change its information on file with the secretary of state in accordance with RCW 23.95.435 or 23.95.440.

(4) A registered agent may resign as agent by executing and delivering to the secretary of state for filing a statement of resignation in accordance with RCW 23.95.445. [2015 c 176 § 7103; 2015 c 188 § 6.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.026 Service of process, notice, or demand. Service of process, notice, or demand required or permitted by law to be served on the limited liability company may be made in accordance with RCW 23.95.450. [2015 c 176 § 7104; 2015 c 188 § 7.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.031 Purpose and powers. (1) A limited liability company may be formed under this chapter for any lawful purpose, regardless of whether for profit.

(2) Unless this chapter, its certificate of formation, or its limited liability company agreement provides otherwise, a limited liability company has the same powers as an individual to do all things necessary or convenient to carry on its activities. [2015 c 188 § 8.]

25.15.033 Law of this state governs. The law of this state governs:

(1) The internal affairs of a limited liability company; and

(2) The liability of a member as member and a manager as manager for the debts, obligations, or other liabilities of a limited liability company. [2015 c 188 § 9.]

25.15.036 Business transactions of member or manager with the limited liability company. A member or manager may lend money to and transact other business with a limited liability company and, subject to other applicable law, has the same rights and obligations with respect to the loan or other transaction as a person who is not a member or manager. [2015 c 188 § 10.]

25.15.038 General standards—Limitation of liability. (1)(a) The only fiduciary duties that a member in a member-managed limited liability company or a manager has to the limited liability company and its members are the duties of loyalty and care under subsections (2) and (3) of this section.

(b) If a manager is a board, committee, or other group of persons, this section applies to each person included in such board, committee, or other group of persons as if such person were a manager.

(2) The duty of loyalty is limited to the following:

(a) To account to the limited liability company and hold as trustee for it any property, profit, or benefit derived by such manager or member in the conduct and winding up of the limited liability company's activities or derived from a use by such manager or member of limited liability company property, including the appropriation of a limited liability company opportunity;

(b) To refrain from dealing with the limited liability company as or on behalf of a party having an interest adverse to the limited liability company; and

(c) To refrain from competing with the limited liability company in the conduct or winding up of the limited liability company's activities.

(3)(a) The duty of care is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law in the conduct and winding up of the limited liability company's activities.

(b) A member or manager is not in violation of the duty of care as set forth in (a) of this subsection if, in discharging such duty, the member or manager relies in good faith upon the records of the limited liability company and upon such opinions, reports, or statements presented to the limited liability company by any person, including any manager, member, officer, or employee of the limited liability company, as to matters which the member or manager reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the limited liability company, including opinions, reports, or statements as to the value and amount of the assets, liabilities, profits, or losses of the limited liability company or any other facts pertinent to the existence and amount of assets from which distributions to members might properly be paid.

(4) A manager or member does not violate a duty under this chapter or under the limited liability company agreement merely because the manager's or member's conduct furthers the manager's or member's own interest.

(5) A manager or member is not liable to the limited liability company or its members for the manager's or member's good faith reliance on the limited liability company agreement.

(6) To the extent that, at law or in equity, a member or manager has duties (including fiduciary duties) to a limited liability company or to another member, manager, or other person bound by a limited liability company agreement, the member's or manager's duties may be modified, expanded, restricted, or eliminated by the provisions of a limited liability company agreement; provided that such provisions are not inconsistent with law and do not eliminate or limit:

(a) The duty of a member or manager to avoid intentional misconduct and knowing violations of law, or violations of RCW 25.15.231; or

(b) The implied contractual duty of good faith and fair dealing.

(7) A limited liability company agreement may contain provisions not inconsistent with law that eliminate or limit the personal liability of a member or manager to the limited liability company or its members or other persons bound by a limited liability company agreement for conduct as a member or manager, provided that such provisions do not eliminate or limit the liability of a member or manager for acts or omissions that involve intentional misconduct or a knowing violation of law by a member or manager, for conduct of the member or manager violating RCW 25.15.231, or for any act or omission that constitutes a violation of the implied contractual duty of good faith and fair dealing. [2015 c 188 § 11.]

25.15.041 Indemnification. (1) A limited liability company may indemnify any member or manager from and against any judgments, settlements, penalties, fines, or expenses incurred in a proceeding or obligate itself to advance or reimburse expenses incurred in a proceeding to which a person is a party because such person is, or was, a member or a manager, provided that no such indemnity shall indemnify a member or a manager from or on account of acts or omissions of the member or manager finally adjudged to be intentional misconduct or a knowing violation of law by the member or manager, or conduct of the member or manager adjudged to be in violation of RCW 25.15.231.

(2) A limited liability company may indemnify and advance expenses under subsection (1) of this section to an officer, employee, or agent of the limited liability company who is not a member or manager to the same extent as to a member or manager.

(3) For purposes of this section:

(a) "Expenses" include counsel fees.

(b) "Party" includes a person who was, is, or is threatened to be made a named defendant or respondent in a proceeding.

(c) "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal. [2015 c 188 § 12.]

25.15.046 Professional limited liability companies. (1) A person or group of persons duly licensed or otherwise legally authorized to render the same professional services within this state may form and become a member or members of a professional limited liability company under the provisions of this chapter for the purposes of rendering professional service.

(2) A professional limited liability company is subject to all the provisions of chapter 18.100 RCW that apply to a professional corporation. A professional limited liability company's managers, members, agents, and employees are subject to all the provisions of chapter 18.100 RCW that apply to the directors, officers, shareholders, agents, or employees of a professional corporation, except as provided otherwise in this section and RCW 25.15.048.

(3) If the limited liability company's members are required to be licensed to practice such profession, and the limited liability company fails to maintain for itself and for its members practicing in this state a policy of professional liability insurance, bond, or other evidence of financial responsibility of a kind designated by rule by the state insurance commissioner and in the amount of at least one million dollars or a greater amount as the state insurance commissioner may establish by rule for a licensed profession or for any specialty within a profession, taking into account the nature and size of the business, then the limited liability company's members are personally liable to the extent that, had the insurance, bond, or other evidence of responsibility been maintained, it would have covered the liability in question.

(4) For purposes of applying chapter 18.100 RCW to a professional limited liability company, the terms "director" or "officer" means manager, "shareholder" means member, "corporation" means professional limited liability company, "articles of incorporation" means certificate of formation, "shares" or "capital stock" means a limited liability company interest, "incorporator" means the person who executes the certificate of formation, and "bylaws" means the limited liability company agreement.

(5) The name of a professional limited liability company must comply with RCW 23.95.305.

(6) Subject to Article VII of this chapter, the following may be a member of a professional limited liability company and may be the transferee of the interest of an ineligible person or deceased member of the professional limited liability company:

(a) A professional corporation, if its shareholders, directors, and its officers, other than the secretary and the treasurer, are licensed or otherwise legally authorized to render the same specific professional services as the professional limited liability company; and

(b) Another professional limited liability company, if the managers and members of both professional limited liability companies are licensed or otherwise legally authorized to render the same specific professional services.

(7) Formation of a limited liability company under this section does not restrict the application of the uniform disciplinary act under chapter 18.130 RCW, or any applicable health care professional statutes under Title 18 RCW, including but not limited to restrictions on persons practicing a health profession without being appropriately credentialed and persons practicing beyond the scope of their credential. [2015 c 176 § 7105; 2015 c 188 § 13.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.048 Professional limited liability company—Licensing. (1) No limited liability company formed under this chapter may render professional services except through a person or persons who are duly licensed or otherwise legally authorized to render such professional services within this state. However, this chapter does not:

(a) Prohibit a person duly licensed or otherwise legally authorized to render professional services in any jurisdiction other than this state from becoming a member of a professional limited liability company formed in this state for the purpose of rendering the same professional services; or

(b) Prohibit a professional limited liability company from rendering services outside this state through individuals who are not duly licensed or otherwise legally authorized to render professional services within this state.

(2) Persons engaged in a profession and otherwise meeting the requirements of this chapter may operate under this chapter as a professional limited liability company so long as each member personally engaged in the practice of the profession in this state is duly licensed or otherwise legally authorized to practice the profession in this state and:

(a) At least one manager of the limited liability company is duly licensed or otherwise legally authorized to practice the profession in this state; or

(b) A member is in charge of each office of the limited liability company in this state and that member is duly licensed or otherwise legally authorized to practice the profession in this state. [2015 c 188 § 14.]

25.15.051 Foreign professional limited liability company. A foreign professional limited liability company may render professional services in this state so long as it complies with Article IX of this chapter and each individual rendering professional services in this state is duly licensed or otherwise legally authorized to render such professional services within this state. [2015 c 188 § 15.]

25.15.054 Membership residency. This chapter does not require a limited liability company to restrict membership to persons residing in or engaging in business in this state. [2015 c 188 § 16.]

25.15.061 Piercing the veil. Members of a limited liability company are personally liable for any act, debt, obligation, or liability of the limited liability company to the extent that shareholders of a Washington business corporation would be liable in analogous circumstances. In this regard, the court may consider the factors and policies set forth in established case law with regard to piercing the corporate veil, except that the failure to hold meetings of members or managers or the failure to observe formalities pertaining to the calling or conduct of meetings is not a factor tending to establish that the members have personal liability for any act, debt, obligation, or liability of the limited liability company if the certificate of formation and limited liability company agreement do not expressly require the holding of meetings of members or managers. [2015 c 188 § 17.]

ARTICLE II. FORMATION: CERTIFICATE OF FORMATION, AMENDMENT, FILING, AND EXECUTION

25.15.071 Formation—Certificate of formation. (1) In order to form a limited liability company, one or more persons must execute a certificate of formation. The certificate of formation must be delivered to the office of the secretary of state for filing in accordance with Article 2 of chapter 23.95 RCW and set forth:

(a) The name of the limited liability company;

(b) The name and address of the registered agent for service of process required to be maintained by RCW 25.15.021 and Article 4 of chapter 23.95 RCW;

(c) The address of the principal office of the limited liability company;

(d) If the limited liability company is to have a specific date of dissolution, the latest date on which the limited liability company is to dissolve;

(e) Any other matters the members decide to include; and

(f) The name and address of each person executing the certificate of formation.

(2)(a) Unless a delayed effective date is specified in accordance with RCW 23.95.210, a limited liability company is formed when its certificate of formation is filed by the secretary of state.

(b) The secretary of state's filing of the certificate of formation is conclusive proof that the persons executing the certificate satisfied all conditions precedent to the formation.

(3) A limited liability company formed under this chapter is a separate legal entity and has a perpetual existence.

(4) Any person may apply to the secretary of state under RCW 23.95.235 to furnish a certificate of existence for a domestic limited liability company or a certificate of registration for a foreign limited liability company. [2015 c 176 § 7106; 2015 c 188 § 18.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.076 Amendment to certificate of formation. (1) A certificate of formation is amended by delivering a certificate of amendment to the secretary of state for filing. The certificate of amendment shall set forth:

(a) The name of the limited liability company; and

(b) The amendment to the certificate of formation.

(2) A manager or, if there is no manager, then any member who becomes aware that any statement in a certificate of formation was false when made, or that any matter described has changed making the certificate of formation false in any material respect, must promptly amend the certificate of formation.

(3) A certificate of formation may be amended at any time for any other proper purpose.

(4) Unless a delayed effective date is provided for in the certificate of amendment in accordance with RCW 23.95.210, a certificate of amendment is effective when filed by the secretary of state as provided in RCW 23.95.210. [2015 c 176 § 7107; 2015 c 188 § 19.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.081 Restated certificate. (1) A limited liability company may, whenever desired, integrate into a single instrument all of the provisions of its certificate of formation which are then in effect and operative as a result of there having been filed with the secretary of state one or more certificates or other instruments pursuant to any of the sections referred to in this chapter and it may at the same time also further amend its certificate of formation by delivering a restated certificate of formation to the secretary of state for filing in accordance with Article 2 of chapter 23.95 RCW.

(2) A restated certificate of formation must state, either in its heading or in an introductory paragraph, the limited liability company's name and, if it is not to be effective upon fil-

ing, the future effective date or time, which must comply with RCW 23.95.210. If a restated certificate only restates and integrates and does not further amend a limited liability company's certificate of formation as amended or supplemented, it must state that fact as well.

(3) Upon the filing of a restated certificate of formation by the secretary of state, or upon the future effective date or time of a restated certificate of formation as provided for, the initial certificate of formation, as amended or supplemented, is superseded; and the restated certificate of formation, including any further amendment or changes made thereby, is thereafter the certificate of formation of the limited liability company, but the original effective date of formation remains unchanged.

(4) Any amendment or change effected in connection with the restatement of the certificate of formation is subject to any other provision of this chapter, not inconsistent with this section, which would apply if a separate certificate of amendment were filed to effect such amendment or change. [2015 c 176 § 7108; 2015 c 188 § 20.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.086 Execution. Each record required or permitted by this chapter to be filed in the office of the secretary of state must comply with the requirements of Article 2 of chapter 23.95 RCW and must be executed in the following manner:

(1) Each original certificate of formation must be executed by the person or persons forming the limited liability company;

(2) A reservation of name may be executed by any person;

(3) A transfer of reservation of name must be executed by, or on behalf of, the applicant for the reserved name;

(4) A registration of name must be executed by any member or manager of the foreign limited liability company;

(5) A certificate of amendment or restatement must be executed by at least one manager, or by a member if management of the limited liability company is reserved to the members;

(6) A certificate of dissolution must be executed by the person or persons authorized to wind up the limited liability company's affairs pursuant to RCW 25.15.297(3);

(7) If a surviving domestic limited liability company is filing articles of merger, the articles of merger must be executed by at least one manager, or by a member if management of the limited liability company is reserved to the members, or if the articles of merger are being filed by a surviving foreign limited liability company, limited partnership, corporation, or other person, the articles of merger must be executed by a person authorized by such foreign limited liability company, limited partnership, corporation, or other person;

(8) A foreign limited liability company's application for registration as a foreign limited liability company doing business within the state must be executed by any member or manager of the foreign limited liability company; and

(9) If a converting limited liability company is filing articles of conversion, the articles of conversion must be executed by at least one manager, or by a member if management

of the limited liability company is reserved to the members. [2015 c 176 § 7109; 2015 c 188 § 21.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.091 Execution or amendment by judicial order. (1) If a person required to execute a certificate required by this chapter fails or refuses to do so, any other person who is adversely affected by the failure or refusal may petition the superior courts to direct the execution of the certificate under RCW 23.95.245.

(2) If a person required to execute a limited liability company agreement or amendment thereof fails or refuses to do so, any other person who is adversely affected by the failure or refusal may petition the superior courts to direct the execution of the limited liability company agreement or amendment thereof. If the court finds that the limited liability company agreement or amendment thereof should be executed and that any person required to execute the limited liability company agreement or amendment thereof has failed or refused to do so, it shall enter an order granting appropriate relief. [2015 c 176 § 7110; 2015 c 188 § 22.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.096 Duty of secretary of state to file—Review of refusal to file. RCW 23.95.225 governs the secretary of state's duty to file records delivered to the secretary of state for filing, the manner and effect of filing, and procedures that apply when the secretary of state refuses to file a record. [2015 c 176 § 7111; 2015 c 188 § 23.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.106 Initial and annual reports. Each domestic limited liability company, and each foreign limited liability company authorized to transact business in this state, must deliver to the secretary of state for filing initial and annual reports in accordance with RCW 23.95.255. [2015 c 176 § 7112; 2015 c 188 § 24.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

ARTICLE III. MEMBERS

25.15.116 Admission of members. (1) In connection with the admission of the initial member or members of a limited liability company, a person acquiring a limited liability company interest is admitted as a member of the limited liability company upon the later to occur of:

(a) The formation of the limited liability company; or
 (b) The time provided in the limited liability company agreement or, if the limited liability company agreement does not so provide or does not exist, when the person's admission is reflected in the records of the limited liability company.

(2) After the admission of the initial member or members of a limited liability company, a person acquiring a limited liability company interest is admitted as a member of the limited liability company:

(a) In the case of a person acquiring a limited liability company interest directly from the limited liability company, at the time provided in the limited liability company agree-

ment or, if the limited liability company agreement does not so provide or does not exist, upon the consent of all members and when the person's admission is reflected in the records of the limited liability company;

(b) In the case of a transferee of a limited liability company interest, upon compliance with any procedure for admission provided in the limited liability company agreement or, if the limited liability company agreement does not so provide or does not exist, upon the consent of all members and when the person's admission is reflected in the records of the limited liability company agreement; or

(c) In the case of a person being admitted as a member of a surviving or resulting limited liability company pursuant to a merger or conversion approved in accordance with this chapter, as provided in the limited liability company agreement of the surviving or resulting limited liability company or in the agreement of merger or plan of merger or conversion, and in the event of any inconsistency, the terms of the agreement of merger or plan of merger or conversion control; and in the case of a person being admitted as a member of a limited liability company pursuant to a merger or conversion in which such limited liability company is not the surviving or resulting limited liability company in the merger or conversion, as provided in the limited liability company agreement of such limited liability company. [2015 c 188 § 25.]

25.15.121 Voting and classes of membership. (1) Except as otherwise provided by this chapter, the affirmative vote, approval, or consent of a majority of the members is necessary for actions requiring member approval.

(2) The affirmative vote, approval, or consent of all members is required to:

(a) Amend the certificate of formation, except as provided in RCW 25.15.076(2);

(b) Amend the limited liability company agreement;

(c) Authorize a manager, member, or other person to do any act on behalf of the limited liability company that contravenes the limited liability company agreement, including any provision that expressly limits the purpose, business, or affairs of the limited liability company or the conduct thereof;

(d) Admit as a member of the limited liability company a person acquiring a limited liability company interest directly from the limited liability company as provided in RCW 25.15.116(2)(a);

(e) Admit as a member of the limited liability company a transferee of a limited liability company interest as provided in RCW 25.15.116(2)(b);

(f) Authorize a member's removal as a member of the limited liability company as provided in RCW 25.15.131(1)(e);

(g) Waive a member's dissociation as a member of the limited liability company as provided in RCW 25.15.131(1)(f), (g), or (h);

(h) Authorize the withdrawal of a member from the limited liability company as provided in RCW 25.15.131(2);

(i) Compromise any member's obligation to make a contribution or return cash or other property paid or distributed to the member in violation of this chapter as provided in RCW 25.15.196(2);

(j) Amend the certificate of formation and extend the date of dissolution, if a dissolution date is specified in the certificate of formation, as provided in RCW 25.15.265(1);

(k) Dissolve the limited liability company as provided in RCW 25.15.265(3);

(l) Sell, lease, exchange, or otherwise dispose of all, or substantially all, of the limited liability company's property, other than in the ordinary course of the limited liability company's activities or activities of the kind carried on by the limited liability company; or

(m) Undertake any other act outside the ordinary course of the limited liability company's activities.

(3) A limited liability company agreement may provide for classes or groups of members having such relative rights, powers, and duties as the limited liability company agreement may provide, and may make provision for the future creation in the manner provided in the limited liability company agreement of additional classes or groups of members having such relative rights, powers, and duties as may from time to time be established, including rights, powers, and duties senior to existing classes and groups of members. A limited liability company agreement may provide for the taking of an action, including the amendment of the limited liability company agreement, without the vote or approval of any member or class or group of members, including an action to create under the provisions of the limited liability company agreement a class or group of limited liability company interests that was not previously outstanding. A limited liability company agreement may provide that any member or class or group of members do not have voting rights.

(4) A limited liability company agreement may grant to all or certain identified members or a specified class or group of the members the right to vote separately or with all or any class or group of the members or managers, on any matter. If the limited liability company agreement so provides, voting by members may be on a per capita, profit share, class, group, or any other basis.

(5) A limited liability company agreement may set forth provisions relating to notice of the time, place, or purpose of any meeting at which any matter is to be voted on by any members, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by proxy, or any other matter with respect to the exercise of any such right to vote. [2015 c 188 § 26.]

25.15.126 Liability of members and managers to third parties. (1) Except as otherwise provided by this chapter, the debts, obligations, and liabilities of a limited liability company, whether arising in contract, tort or otherwise, are solely the debts, obligations, and liabilities of the limited liability company; and no member or manager of a limited liability company is obligated personally for any such debt, obligation, or liability of the limited liability company solely by reason of being or acting as a member or manager respectively of the limited liability company.

(2) Notwithstanding subsection (1) of this section, under a limited liability company agreement or under another agreement, a member or manager may agree to be obligated personally for any or all of the debts, obligations, and liabilities of the limited liability company.

(3) A member or manager of a limited liability company is personally liable for such person's own torts. [2015 c 188 § 27.]

25.15.131 Member dissociation. (Effective until January 1, 2022.) (1) A person is dissociated as a member of a limited liability company upon the occurrence of one or more of the following events:

(a) The member dies or withdraws by voluntary act from the limited liability company as provided in subsection (2) of this section;

(b) The transfer of all of the member's transferable interest in the limited liability company;

(c) The member is removed as a member in accordance with the limited liability company agreement;

(d) The occurrence of an event upon which the member ceases to be a member under the limited liability company agreement;

(e) The person is a corporation, limited liability company, general partnership, or limited partnership, and the person is removed as a member by the unanimous consent of the other members, which may be done under this subsection (1)(e) only if:

(i) The person has filed articles of dissolution, a certificate of dissolution or the equivalent, or the person has been administratively or judicially dissolved, or its right to conduct business has been suspended or revoked by the jurisdiction of its incorporation, or the person has otherwise been dissolved; and

(ii) The dissolution has not been revoked or the person or its right to conduct business has not been reinstated within ninety days after the limited liability company notifies the person that it will be removed as a member for any reason identified in (e)(i) of this subsection;

(f) Unless all other members otherwise agree at the time, the member (i) makes a general assignment for the benefit of creditors; (ii) files a voluntary petition in bankruptcy; (iii) becomes the subject of an order for relief in bankruptcy proceedings; (iv) files a petition or answer seeking for the member any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation; (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the member in any proceeding of the nature described in (f)(i) through (iv) of this subsection; or (vi) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the member or of all or any substantial part of the member's properties;

(g) Unless all other members otherwise agree at the time, if within one hundred twenty days after the commencement of any proceeding against the member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation, the proceeding has not been dismissed, or if within ninety days after the appointment without his or her consent or acquiescence of a trustee, receiver, or liquidator of the member or of all or any substantial part of the member's properties, the appointment is not vacated or stayed, or within ninety days after the expiration of any stay, the appointment is not vacated; or

(h) Unless all other members otherwise agree at the time, in the case of a member who is an individual, the entry of an order by a court of competent jurisdiction adjudicating the member incapacitated, as used and defined under *chapter 11.88 RCW, as to his or her estate.

(2) A member may withdraw from a limited liability company at the time or upon the happening of events specified in and in accordance with the limited liability company agreement. If the limited liability company agreement does not specify the time or the events upon the happening of which a member may withdraw, a member may not withdraw from the limited liability company without the written consent of all other members.

(3) When a person is dissociated as a member of a limited liability company:

(a) The person's right to participate as a member in the management and conduct of the limited liability company's activities terminates;

(b) If the limited liability company is member-managed, the person's fiduciary duties as a member end with regard to matters arising and events occurring after the person's dissociation; and

(c) Subject to subsection (5) of this section, any transferable interest owned by the person immediately before dissociation in the person's capacity as a member is owned by the person solely as a transferee.

(4) A person's dissociation as a member of a limited liability company does not of itself discharge the person from any debt, obligation, or other liability to the limited liability company or the other members which the person incurred while a member.

(5) If a member dies, the deceased member's personal representative or other legal representative may exercise the rights of a transferee provided in RCW 25.15.251 and, for the purposes of settling the estate, the rights of a current member under RCW 25.15.136. [2015 c 188 § 28.]

*Reviser's note: Chapter 11.88 RCW was repealed in its entirety by 2020 c 312 § 904, effective January 1, 2022.

25.15.131 Member dissociation. (Effective January 1, 2022.) (1) A person is dissociated as a member of a limited liability company upon the occurrence of one or more of the following events:

(a) The member dies or withdraws by voluntary act from the limited liability company as provided in subsection (2) of this section;

(b) The transfer of all of the member's transferable interest in the limited liability company;

(c) The member is removed as a member in accordance with the limited liability company agreement;

(d) The occurrence of an event upon which the member ceases to be a member under the limited liability company agreement;

(e) The person is a corporation, limited liability company, general partnership, or limited partnership, and the person is removed as a member by the unanimous consent of the other members, which may be done under this subsection (1)(e) only if:

(i) The person has filed articles of dissolution, a certificate of dissolution or the equivalent, or the person has been administratively or judicially dissolved, or its right to con-

duct business has been suspended or revoked by the jurisdiction of its incorporation, or the person has otherwise been dissolved; and

(ii) The dissolution has not been revoked or the person or its right to conduct business has not been reinstated within ninety days after the limited liability company notifies the person that it will be removed as a member for any reason identified in (e)(i) of this subsection;

(f) Unless all other members otherwise agree at the time, the member (i) makes a general assignment for the benefit of creditors; (ii) files a voluntary petition in bankruptcy; (iii) becomes the subject of an order for relief in bankruptcy proceedings; (iv) files a petition or answer seeking for the member any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation; (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the member in any proceeding of the nature described in (f)(i) through (iv) of this subsection; or (vi) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the member or of all or any substantial part of the member's properties;

(g) Unless all other members otherwise agree at the time, if within one hundred twenty days after the commencement of any proceeding against the member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation, the proceeding has not been dismissed, or if within ninety days after the appointment without his or her consent or acquiescence of a trustee, receiver, or liquidator of the member or of all or any substantial part of the member's properties, the appointment is not vacated or stayed, or within ninety days after the expiration of any stay, the appointment is not vacated; or

(h) Unless all other members otherwise agree at the time, in the case of a member who is an individual, the entry of an order by a court of competent jurisdiction adjudicating the member as being subject to a conservatorship under RCW 11.130.360.

(2) A member may withdraw from a limited liability company at the time or upon the happening of events specified in and in accordance with the limited liability company agreement. If the limited liability company agreement does not specify the time or the events upon the happening of which a member may withdraw, a member may not withdraw from the limited liability company without the written consent of all other members.

(3) When a person is dissociated as a member of a limited liability company:

(a) The person's right to participate as a member in the management and conduct of the limited liability company's activities terminates;

(b) If the limited liability company is member-managed, the person's fiduciary duties as a member end with regard to matters arising and events occurring after the person's dissociation; and

(c) Subject to subsection (5) of this section, any transferable interest owned by the person immediately before dissociation in the person's capacity as a member is owned by the person solely as a transferee.

(4) A person's dissociation as a member of a limited liability company does not of itself discharge the person from any debt, obligation, or other liability to the limited liability company or the other members which the person incurred while a member.

(5) If a member dies, the deceased member's personal representative or other legal representative may exercise the rights of a transferee provided in RCW 25.15.251 and, for the purposes of settling the estate, the rights of a current member under RCW 25.15.136. [2020 c 312 § 727; 2015 c 188 § 28.]

Effective dates—2020 c 312: See note following RCW 11.130.915.

25.15.136 Records and information. (1) A limited liability company must keep at its principal office the following:

(a) A copy of its certificate of formation and all amendments thereto;

(b) A copy of any limited liability company agreement made in a record and any amendments made in a record to a limited liability company agreement;

(c) Unless contained in its certificate of formation, a statement in a record of:

(i) The amount of cash and a description and statement of the agreed value of the other benefits contributed and agreed to be contributed by each member;

(ii) The times at which or events on the happening of which any additional contributions agreed to be made by each member are to be made;

(iii) Any right of any member to receive distributions which include a return of all or any part of the member's contribution; and

(iv) Any events upon the happening of which the limited liability company is to be dissolved and its activities wound up;

(d) A copy of the limited liability company's federal, state, and local tax returns and reports, if any, for the three most recent years;

(e) A copy of any financial statements of the limited liability company for the three most recent years;

(f) A copy of any record made by the limited liability company during the past three years of any consent given by or vote taken of any member pursuant to this chapter or the limited liability company agreement;

(g) A copy of the three most recent annual reports delivered by the limited liability company to the secretary of state pursuant to RCW 25.15.106;

(h) A copy of any filed articles of conversion or merger; and

(i) A copy of any certificate of dissolution or certificate of revocation of dissolution.

(2) On ten days' demand, made in a record received by the limited liability company, a member may inspect and copy, during regular business hours at the limited liability company's principal office, the records required by subsection (1) of this section to be kept by a limited liability company. The member need not have any particular purpose for seeking the records. However, if the records contain information specified in subsection (3)(a) of this section, the limited liability company may substitute copies of the records that are redacted to protect information specified in subsection

(3)(a) of this section, unless the member meets the requirements of subsection (4) of this section.

(3) During regular business hours and at a reasonable location specified by the limited liability company, a member may inspect and copy the following records of the limited liability company if the member meets the requirements of subsection (4) of this section:

(a) A current and a past list, setting forth the full name and last known mailing address of each member and manager, if any;

(b) Excerpts from any meeting of the managers or members, and records of limited liability company action approved by the members or manager without a meeting; and

(c) Accounting records of the limited liability company.

(4) A member may inspect and copy the records described in subsection (3) of this section if:

(a) The member seeks the records for a purpose reasonably related to the member's interest in the limited liability company;

(b) The member makes a demand in a record received by the limited liability company, describing with reasonable particularity the records sought and the purpose for seeking the records; and

(c) The records sought are directly connected to the member's purpose.

(5) Within ten days after receiving a demand pursuant to subsection (4) of this section, the limited liability company in a record must inform the member that made the demand:

(a) What records the limited liability company will provide in response to the demand;

(b) When and where the limited liability company will provide the records; and

(c) If the limited liability company declines to provide any demanded records, the limited liability company's reasons for declining.

(6) A person dissociated as a member may inspect and copy the records required by subsection (1) of this section during regular business hours in the limited liability company's principal office if:

(a) The records pertain to the period during which the person was a member or transferee;

(b) The person seeks the records in good faith; and

(c) The person meets the requirements of subsection (4) of this section.

(7) The limited liability company must respond to a demand made pursuant to subsection (6) of this section in the same manner as provided in subsection (5) of this section.

(8) The limited liability company may impose reasonable restrictions on the use of records and information obtained under this section.

(9) A limited liability company may charge a person that makes a demand under this section reasonable costs of copying, limited to the costs of labor and material.

(10) A member, or a person dissociated as a member, may exercise the rights under this section through an attorney or other agent. Any restriction imposed under subsection (8) of this section or by the limited liability company agreement applies both to the attorney or other agent and to the member or person dissociated as a member.

(11) The rights stated in this section do not extend to a person as transferee, but the rights under subsections (2) and

(3) of this section may be exercised by a deceased member's personal representative for purposes of settling the estate, or by the legal representative of an individual under legal disability who is dissociated as a member pursuant to RCW 25.15.131(1)(f).

(12) Each manager, or each member of the manager if the manager is a board, committee, or other group of persons, without having any particular purpose for seeking the information, may inspect and copy during regular business hours:

(a) At the limited liability company's principal office, the records required by subsection (1) of this section; and

(b) At a reasonable location specified by the limited liability company, any other records maintained by the limited liability company regarding the limited liability company's activities and financial condition, or that otherwise relate to the management of the limited liability company.

(13) Any action to enforce any right arising under this section must be brought in the superior courts. [2015 c 188 § 29.]

25.15.141 Remedies for breach of limited liability company agreement by member. A limited liability company agreement may provide that (1) a member who fails to perform in accordance with, or to comply with the terms and conditions of, the limited liability company agreement is subject to specified remedies or specified consequences, and (2) at the time or upon the happening of events specified in the limited liability company agreement, a member is subject to specified remedies or specified consequences. Such specified remedies or specified consequences may include and take the form of any remedy or consequence set forth in RCW 25.15.196(3). [2015 c 188 § 30.]

ARTICLE IV. MANAGEMENT AND MANAGERS

25.15.151 Member-managed limited liability companies. (1) If the limited liability company is member-managed:

(a) Management of the activities of the limited liability company is vested in the members; and

(b) A difference arising as to a matter in the ordinary course of the activities of the limited liability company may be decided by the vote, approval, or consent of a majority of the members, except as otherwise provided in RCW 25.15.121 or otherwise in this chapter.

(2) If the limited liability company is member-managed, each member is an agent of the limited liability company and has the authority to bind the limited liability company with regard to matters in the ordinary course of its activities. [2015 c 188 § 31.]

25.15.154 Manager-managed limited liability companies. (1) If the limited liability company is manager-managed:

(a) Management of the activities of the limited liability company is vested in one or more managers; and

(b) Each manager of the limited liability company:

(i) Is designated, appointed, elected, removed, or replaced by a vote, approval, or consent of a majority of the members;

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(ii) Need not be a member of the limited liability company or a natural person; and

(iii) Unless the manager has been earlier removed or has earlier resigned, holds office until a successor has been elected.

(2) If the limited liability company is manager-managed:

(a) Each manager is an agent of the limited liability company and has the authority to bind the limited liability company with regard to matters in the ordinary course of its activities; and

(b) No member, acting solely in its capacity as a member, is an agent of the limited liability company.

(3) If the manager is a board, committee, or other group of persons:

(a) Subsection (1)(b) of this section applies to each person included in such board, committee, or other group of persons; and

(b) No person acting solely in such person's capacity as a participant in such board, committee, or other group of persons is an agent of the limited liability company. [2015 c 188 § 32.]

25.15.157 Delegation of rights and powers to manager. A member or manager of a limited liability company has the power and authority to delegate to one or more other persons the member's or manager's rights and powers to manage and control the business and affairs of the limited liability company, including to delegate to agents, officers, and employees of a member or manager or the limited liability company, and to delegate by a management agreement or another agreement with, or otherwise to, other persons. Such delegation by a member or manager of a limited liability company does not cause the member or manager to cease to be a member or manager of the limited liability company or cause the person to whom any such rights and powers have been delegated to be a member or manager of the limited liability company. [2015 c 188 § 33.]

25.15.161 Manager—Member's rights and duties. A person who is both a manager and a member has the rights and powers, and is subject to the restrictions and liabilities, of a manager and also has the rights and powers, and is subject to the restrictions and liabilities, of a member to the extent of such person's participation in the limited liability company as a member. [2015 c 188 § 34.]

25.15.166 Voting and classes of managers. (1) In a manager-managed limited liability company:

(a) A difference arising as to a matter in the ordinary course of the activities of the limited liability company may be decided by the vote, approval, or consent of a majority of the managers; and

(b) No manager consent, approval, or recommendation is required for any act approved by the members as provided in RCW 25.15.121(2), for a conversion approved as provided in RCW 25.15.441, or for a merger approved as provided in RCW 25.15.421.

(2) A limited liability company agreement may provide for classes or groups of managers having such relative rights, powers, and duties as the limited liability company agreement may provide, and may make provision for the future

creation in the manner provided in the limited liability company agreement of additional classes or groups of managers having such relative rights, powers, and duties as may from time to time be established, including rights, powers, and duties senior to existing classes and groups of managers. A limited liability company agreement may provide for the taking of an action, including the amendment of the limited liability company agreement, without the vote or approval of any manager or class or group of managers, including an action to create under the provisions of the limited liability company agreement a class or group of limited liability company interests that was not previously outstanding.

(3) A limited liability company agreement may grant to all or certain identified managers or a specified class or group of the managers the right to vote, separately or with all or any class or group of managers or members, on any matter. If the limited liability company agreement so provides, voting by managers may be on a financial interest, class, group, or any other basis.

(4) A limited liability company agreement which contains provisions related to voting rights of managers may set forth provisions relating to notice of the time, place, or purpose of any meeting at which any matter is to be voted on by any manager or class or group of managers, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by proxy, or any other matter with respect to the exercise of any such right to vote. [2015 c 188 § 35.]

25.15.171 Remedies for breach of limited liability company agreement by manager. A limited liability company agreement may provide that (1) a manager who fails to perform in accordance with, or to comply with the terms and conditions of, the limited liability company agreement is subject to specified penalties or specified consequences, and (2) at the time or upon the happening of events specified in the limited liability company agreement, a manager is subject to specified penalties or specified consequences. [2015 c 188 § 36.]

25.15.176 Resignation of manager. A manager may resign as a manager of a limited liability company at the time or upon the happening of events specified in a limited liability company agreement and in accordance with the limited liability company agreement. A limited liability company agreement may provide that a manager does not have the right to resign as a manager of a limited liability company. Notwithstanding that a limited liability company agreement provides that a manager does not have the right to resign as a manager of a limited liability company, a manager may resign as a manager of a limited liability company at any time by giving written notice to the members and other managers. If the resignation of a manager violates a limited liability company agreement, in addition to any remedies otherwise available under applicable law, a limited liability company may recover from the resigning manager damages for breach of the limited liability company agreement and offset the damages against any amount otherwise due to the resigning manager pursuant to the limited liability company agreement. [2015 c 188 § 37.]

25.15.181 Loss of sole remaining manager. In the event of the death, resignation, or removal of the sole remaining manager, or if one of the events described in RCW 25.15.131(1) (e) through (h) occurs with regard to the sole remaining manager, the limited liability company shall become member-managed unless one or more managers are appointed by a majority of the members within ninety days after the occurrence of such an event. [2015 c 188 § 38.]

ARTICLE V. CONTRIBUTIONS

25.15.191 Form of contribution. The contribution of a member to a limited liability company may consist of tangible or intangible property or other benefits to the limited liability company, including money, services performed, promissory notes, other agreements to contribute cash or property, or contracts for services to be performed. [2015 c 188 § 39.]

25.15.196 Liability for contribution. (1) A member is obligated to a limited liability company to perform any promise to contribute cash or property or to perform services, even if the member is unable to perform because of death, disability, or any other reason. If a member does not make the required contribution of property or services, the member is obligated at the option of the limited liability company to contribute cash equal to that portion of the agreed value of the contribution that has not been made. This option is in addition to, and not in lieu of, any other rights, including the right to specific performance, that the limited liability company may have against such member under the limited liability company agreement or applicable law.

(2) The obligation of a member to make a contribution or return money or other property paid or distributed in violation of this chapter may be compromised only by consent of all the members. Notwithstanding the compromise, a creditor of a limited liability company who extends credit, after either the certificate of formation, limited liability company agreement or an amendment thereto, or records of the limited liability company reflect the obligation, and before the amendment of any thereof to reflect the compromise, may enforce the original obligation to the extent that, in extending credit, the creditor reasonably relied on the obligation of a member to make a contribution or return money or other property to the limited liability company. A conditional obligation of a member to make a contribution or return money or other property to a limited liability company may not be enforced unless the conditions of the obligation have been satisfied or waived as to or by such member. Conditional obligations include contributions payable upon a discretionary call of a limited liability company prior to the time the call occurs.

(3) A limited liability company agreement may provide that the interest of any member who fails to make any contribution that the member is obligated to make is subject to specified penalties for, or specified consequences of, such failure. Such penalty or consequence may take the form of reducing or eliminating the defaulting member's proportionate interest in a limited liability company, subordinating the member's limited liability company interest to that of nondefaulting members, a forced sale of the member's limited liability company interest, forfeiture of the member's limited liability company interest, the lending by other members of

the amount necessary to meet the member's commitment, a fixing of the value of the member's limited liability company interest by appraisal or by formula and redemption or sale of the member's limited liability company interest at such value, or other penalty or consequence. [2015 c 188 § 40.]

ARTICLE VI. DISTRIBUTIONS

25.15.206 Allocation of distributions. Distributions of a limited liability company are made to the members, and to classes or groups of members, in the manner provided in a limited liability company agreement. If the limited liability company agreement does not so provide, distributions are made in proportion to the agreed value of the contributions made and any contributions required to be made, but not yet made, by each member. [2015 c 188 § 41.]

25.15.211 Interim distributions. A member does not have a right to any distributions before the dissolution and winding up of the limited liability company unless the limited liability company decides to make an interim distribution. [2015 c 188 § 42.]

25.15.216 Distribution following dissociation. A member does not have a right to receive a distribution on account of dissociation. [2015 c 188 § 43.]

25.15.221 Distribution in-kind. A member, regardless of the nature of the member's contribution, has no right to receive any distribution from a limited liability company in any form other than money. A limited liability company may distribute an asset in kind to the extent that each member receives a percentage of the asset equal to the member's percentage share of distributions. [2015 c 188 § 44.]

25.15.226 Right to distribution. Subject to RCW 25.15.231 and 25.15.305, at the time a member becomes entitled to receive a distribution, that member has the status of, and is entitled to all remedies available to, a creditor of a limited liability company with respect to the distribution. A limited liability company agreement may provide for the establishment of a record date with respect to allocations and distributions by a limited liability company. The limited liability company's obligation to make a distribution is subject to offset for any amount due and payable to the limited liability company by the person on whose account the distribution is made. [2015 c 188 § 45.]

25.15.231 Limitations on distribution. (1) A limited liability company must not make a distribution in violation of the limited liability company agreement.

(2) A limited liability company must not make a distribution to the extent that at the time of the distribution, after giving effect to the distribution (a) the limited liability company would not be able to pay its debts as they became due in the usual course of its activities, or (b) all liabilities of the limited liability company, other than liabilities to members on account of their limited liability company interests and liabilities for which the recourse of creditors is limited to specified property of the limited liability company, exceed the fair value of the assets of the limited liability company, except

that the fair value of property that is subject to a liability for which the recourse of creditors is limited is included in the assets of the limited liability company only to the extent that the fair value of that property exceeds that liability.

(3) A limited liability company may base a determination that a distribution is not prohibited under subsection (2) of this section on financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances or on a fair valuation or other method that is reasonable in the circumstances.

(4) Except as otherwise provided in subsection (7) of this section, the effect of a distribution under subsection (2) of this section is measured:

(a) In the case of distribution by purchase, redemption, or other acquisition of a transferable interest in the limited liability company, as of the date money or other property is transferred or debt incurred by the limited liability company; and

(b) In all other cases, as of the date:

(i) The distribution is authorized, if the payment occurs within one hundred twenty days after that date; or

(ii) The payment is made, if payment occurs more than one hundred twenty days after the distribution is authorized.

(5) A limited liability company's indebtedness to a member incurred by reason of a distribution made in accordance with this section is at parity with the limited liability company's indebtedness to its general, unsecured creditors.

(6) A limited liability company's indebtedness, including indebtedness issued in connection with or as part of a distribution, is not considered a liability for purposes of subsection (2) of this section if the terms of the indebtedness provide that payment of principal and interest are made only to the extent that a distribution could then be made to members under this section.

(7) The effect of a distribution of indebtedness under subsection (2) of this section is measured:

(a) In the case of a distribution of indebtedness described in subsection (6) of this section, each payment of principal or interest is treated as a distribution, the effect of which is measured on the date the payment is actually made; and

(b) In the case of a distribution of any other indebtedness, the effect of the distribution is measured as of the date the indebtedness is distributed. [2015 c 188 § 46.]

25.15.236 Liability for improper distributions. (1) Except as otherwise provided in subsection (2) of this section, a member of a member-managed limited liability company or manager of a manager-managed limited liability company that consents to a distribution made in violation of RCW 25.15.231 is personally liable to the limited liability company for the amount of the distribution that exceeds the amount that could have been distributed without the violation of RCW 25.15.231 if it is established that in consenting to the distribution the members or managers failed to comply with the duty of care.

(2) To the extent the limited liability company agreement of a member-managed limited liability company expressly relieves a member of the authority and responsibility to consent to distributions and imposes that authority and responsibility on one or more other members, the liability provided in subsection (1) of this section applies to the other members

and not the member that the limited liability company agreement relieves of authority and responsibility.

(3) A member or transferee that received a distribution knowing that the distribution to that member or transferee was made in violation of RCW 25.15.231 is personally liable to the limited liability company but only to the extent that the distribution received by the member or transferee exceeded the amount that could have been properly paid under RCW 25.15.231.

(4) A member or manager against which an action is commenced under subsection (1) of this section may:

(a) Implead in the action any other person that is liable under subsection (1) of this section and compel contribution from the person; and

(b) Implead in the action any person that received a distribution in violation of subsection (3) of this section and compel contribution from the person in the amount the person received in violation of subsection (3) of this section.

(5) An action under this section is barred if it is not commenced within two years after the distribution. [2015 c 188 § 47.]

ARTICLE VII. ASSIGNMENT OF LIMITED LIABILITY COMPANY INTERESTS

25.15.246 Nature of limited liability company interest—Certificate of interest. (1) The only interest of a member that is transferable is the member's transferable interest. A transferable interest is personal property. A member has no interest in specific limited liability company property.

(2) A limited liability company agreement may provide that a transferable interest may be evidenced by a certificate of limited liability company interest issued by the limited liability company and may also provide for the transfer of any transferable interest represented by such a certificate and make other provisions with respect to such certificate. [2015 c 188 § 48.]

25.15.251 Transfer of transferable interest. (1) A transfer, in whole or in part, of a transferable interest:

(a) Is permissible; and

(b) Does not, as against the members or the limited liability company, entitle the transferee to participate in the management of the limited liability company's activities, to require access to information concerning the limited liability company's transactions except as provided in subsection (5) of this section or in RCW 25.15.136(11), or to obtain access to information to which a member is otherwise entitled pursuant to RCW 25.15.136 or the limited liability company's other records.

(2) A transfer of a transferable interest entitles the transferee to receive distributions to which the transferor would otherwise be entitled, to the extent transferred.

(3) Upon transfer of less than the transferor's entire transferable interest in the limited liability company, the transferor retains the rights, duties, and obligations of the transferor immediately prior to the transfer other than the transferable interest transferred.

(4) Except as otherwise provided in (b) of this subsection, a transferee that becomes a member with respect to a transferable interest is liable for the transferor's obligations

with respect to the transferable interest. Except to the extent such liabilities are assumed by agreement:

(a) Until a transferee of a transferable interest becomes a member with respect to the transferable interest, the transferee has no liability as a member solely as a result of the transfer; and

(b) A transferee is not obligated for liabilities associated with a transferable interest that are unknown to the transferee at the time the transferee becomes a member.

(5) In a dissolution and winding up, a transferee is entitled to an account of the limited liability company's transactions only from the date of dissolution.

(6) For the purposes of this chapter:

(a) The pledge of, or granting of a security interest, lien, or other encumbrance in or against, any or all of a transferable interest is not a transfer of the transferable interest, but a foreclosure or execution sale or exercise of similar rights with respect to any or all of transferable interest is a transfer of the transferable interest to the transferee pursuant to such foreclosure or execution sale or exercise of similar rights.

(b) Where a transferable interest is held in a trust or estate, or is held by a trustee, personal representative, or other fiduciary, the transfer of the transferable interest, whether to a beneficiary of the trust or estate or otherwise, is a transfer of such transferable interest, but the mere substitution or replacement of the trustee, personal representative, or other fiduciary does not constitute a transfer of such transferable interest. [2015 c 188 § 49.]

25.15.256 Rights of judgment creditor. (1) On application to a court of competent jurisdiction by any judgment creditor of a member or transferee, the court may charge the transferable interest of the judgment debtor with payment of the unsatisfied amount of the judgment with interest. To the extent so charged, the judgment creditor has only the rights of a transferee. The court may appoint a receiver of the share of the distributions due or to become due to the judgment creditor in respect of the limited liability company and make all other orders, directions, accounts, and inquiries the judgment debtor might have made or that the circumstances of the case may require to give effect to the charging order.

(2) A charging order constitutes a lien on the judgment debtor's transferable interest. The court may order a foreclosure upon the transferable interest subject to the charging order at any time. The purchaser at the foreclosure sale has the rights of a transferee.

(3) At any time before foreclosure, a transferable interest charged may be redeemed:

(a) By the judgment debtor;

(b) With property other than limited liability company property, by one or more of the other members; or

(c) With limited liability company property, by the limited liability company with the consent of all members whose interests are not so charged.

(4) This chapter does not deprive any member or transferee of the benefit of any exemption laws applicable to the member's or transferee's transferable interest.

(5) This section provides the exclusive remedy by which a judgment creditor of a member or transferee may satisfy a judgment out of the judgment debtor's transferable interest. [2015 c 188 § 50.]

ARTICLE VIII. DISSOLUTION

25.15.265 Dissolution. A limited liability company is dissolved and its affairs must be wound up upon the first to occur of the following:

(1) The dissolution date, if any, specified in the certificate of formation. If a dissolution date is specified in the certificate of formation, the certificate of formation may be amended and the date of dissolution of the limited liability company may be extended by vote of all the members;

(2) The happening of events specified in a limited liability company agreement;

(3) The written consent of all members;

(4) Ninety days following an event of dissociation of the last remaining member, unless those having the rights of transferees in the limited liability company under RCW 25.15.131(1) have, by the ninetieth day, voted to admit one or more members, voting as though they were members, and in the manner set forth in RCW 25.15.121(1);

(5) The entry of a decree of judicial dissolution under RCW 25.15.274; or

(6) The administrative dissolution of the limited liability company by the secretary of state under RCW 23.95.610, unless the limited liability company is reinstated by the secretary of state under RCW 23.95.615. [2015 c 176 § 7113; 2015 c 188 § 51.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.269 After dissolution under RCW 25.15.265.

(1) After dissolution occurs under RCW 25.15.265, the limited liability company may deliver to the secretary of state for filing a certificate of dissolution.

(2) A certificate of dissolution filed under subsection (1) of this section must set forth:

(a) The name of the limited liability company; and

(b) A statement that the limited liability company is dissolved under RCW 25.15.265. [2015 c 188 § 52.]

25.15.274 Judicial dissolution. On application by a member or manager the superior courts may order dissolution of a limited liability company whenever: (1) It is not reasonably practicable to carry on the limited liability company's activities in conformity with the certificate of formation and the limited liability company agreement; or (2) other circumstances render dissolution equitable. [2015 c 188 § 53.]

25.15.279 Administrative dissolution—Commencement of proceeding. The secretary of state may commence a proceeding to administratively dissolve a limited liability company under the circumstances and procedures provided in Article 6 of chapter 23.95 RCW. [2015 c 176 § 7114; 2015 c 188 § 54.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.289 Administrative dissolution—Reinstatement. A limited liability company that has been administratively dissolved under RCW 23.95.610 may apply to the secretary of state for reinstatement in accordance with RCW 23.95.615. [2015 c 176 § 7115; 2015 c 188 § 56.]

(2020 Ed.)

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.294 Voluntary dissolution—Revocation of dissolution—When effective—Effect. (1) A limited liability company dissolved under RCW 25.15.265 (2) or (3) may revoke its dissolution in accordance with this section at any time, except that a limited liability company that has filed a certificate of dissolution may not revoke its dissolution under this section more than one hundred twenty days after the filing of its certificate of dissolution.

(2)(a) Except as provided in (b) of this subsection, revocation of dissolution must be approved in the same manner as the dissolution was approved unless that approval permitted revocation in some other manner, in which event the dissolution may be revoked in the manner permitted.

(b) If dissolution occurred upon the happening of events specified in the limited liability company agreement, revocation of dissolution must be approved in the manner necessary to amend the provisions of the limited liability company agreement specifying the events of dissolution.

(3) A limited liability company that has filed a certificate of dissolution may, at any time after revocation of its dissolution has been approved but not more than one hundred twenty days after the filing of its certificate of dissolution, revoke the dissolution by delivering to the secretary of state for filing a certificate of revocation of dissolution that sets forth:

(a) The name of the limited liability company and a statement that the name satisfies the requirements of Article 3 of chapter 23.95 RCW; if the name is not available, the limited liability company must deliver to the secretary of state for filing a certificate of amendment changing its name with the certificate of revocation of dissolution;

(b) The effective date of the dissolution that was revoked;

(c) The date that the revocation of dissolution was approved; and

(d) A statement that the revocation was approved in the manner required by subsection (2) of this section.

(4) If a limited liability company has not filed a certificate of dissolution, revocation of dissolution becomes effective upon approval of the revocation as provided in subsection (2) of this section. If a limited liability company has filed a certificate of dissolution, revocation of dissolution becomes effective upon the filing of a certificate of revocation of dissolution. The filing of a certificate of revocation of dissolution automatically revokes any certificate of dissolution previously filed with respect to the limited liability company.

(5) Revocation of dissolution relates back to and takes effect as of the effective date of the dissolution and the limited liability company may resume carrying on its activities as if the dissolution had never occurred. [2015 c 176 § 7116; 2015 c 188 § 57.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.297 Winding up. (1) A limited liability company continues after dissolution only for the purpose of winding up its activities.

(2) In winding up its activities, the limited liability company:

(a) May file a certificate of dissolution with the secretary of state to provide notice that the limited liability company is dissolved; preserve the limited liability company's business or property as a going concern for a reasonable time; prosecute and defend actions and proceedings, whether civil, criminal, or administrative, transfer the limited liability company's property; settle disputes; and perform other necessary acts; and

(b) Shall discharge the limited liability company's liabilities, settle and close the limited liability company's activities, and marshal and distribute the assets of the limited liability company.

(3) The persons responsible for managing the business and affairs of a limited liability company under RCW 25.15.151 or 25.15.154 are responsible for winding up the activities of a dissolved limited liability company. If a dissolved limited liability company does not have any managers or members, the legal representative of the last person to have been a member may wind up the activities of the dissolved limited liability company, in which event the legal representative is a manager for the purposes of RCW 25.15.038.

(4) If the persons responsible for winding up the activities of a dissolved limited liability company under subsection (3) of this section decline or fail to wind up the limited liability company's activities, a person to wind up the dissolved limited liability company's activities may be appointed by the consent of a majority of the transferees. A person appointed under this subsection:

(a) Is a manager for the purposes of RCW 25.15.038; and

(b) Shall promptly amend the certificate of formation to state:

(i) The name of the person who has been appointed to wind up the limited liability company; and

(ii) The street and mailing address of the person.

(5) The superior court may order judicial supervision of the winding up, including the appointment of a person to wind up the dissolved limited liability company's activities, if:

(a) On application of a member, the applicant establishes good cause; or

(b) On application of a transferee, a limited liability company does not have any managers or members and within a reasonable time following the dissolution no person has been appointed pursuant to subsection (3) or (4) of this section. [2015 c 188 § 58.]

25.15.301 Disposition of known claims—Definition.

(1) A dissolved limited liability company that has filed a certificate of dissolution with the secretary of state may dispose of the known claims against it by following the procedure described in subsection (2) of this section.

(2) A dissolved limited liability company may notify its known claimants of the dissolution in a record. The notice must:

(a) Specify the information required to be included in a known claim;

(b) Provide a mailing address to which the known claim must be sent;

(c) State the deadline for receipt of the known claim, which may not be fewer than one hundred twenty days after the date the notice is received by the claimant; and

(d) State that the known claim will be barred if not received by the deadline.

(3) A known claim against a dissolved limited liability company is barred if the requirements of subsection (2) of this section are met and:

(a) The known claim is not received by the specified deadline; or

(b) In the case of a known claim that is timely received but rejected by the dissolved limited liability company, the claimant does not commence an action to enforce the known claim against the limited liability company within ninety days after the receipt of the notice of rejection.

(4) For purposes of this section, "known claim" means any claim or liability that either:

(a)(i) Has matured sufficiently, before or after the effective date of the dissolution, to be legally capable of assertion against the dissolved limited liability company, whether or not the amount of the claim or liability is known or determinable; or (ii) is unmatured, conditional, or otherwise contingent but may subsequently arise under any executory contract to which the dissolved limited liability company is a party, other than under an implied or statutory warranty as to any product manufactured, sold, distributed, or handled by the dissolved limited liability company; and

(b) As to which the dissolved limited liability company has knowledge of the identity and the mailing address of the holder of the claim or liability and, in the case of a matured and legally assertable claim or liability, actual knowledge of existing facts that either (i) could be asserted to give rise to, or (ii) indicate an intention by the holder to assert, such a matured claim or liability. [2015 c 188 § 59.]

25.15.305 Distribution of assets. (1) Upon the winding up of a limited liability company, the assets are distributed as follows:

(a) To creditors, including members and managers who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the limited liability company, whether by payment or the making of reasonable provision for payment thereof, other than liabilities for which reasonable provision for payment has been made and liabilities for distributions to members under RCW 25.15.211 or 25.15.226;

(b) To members and former members in satisfaction of liabilities for distributions under RCW 25.15.211 or 25.15.226; and

(c) To members first for the return of their contributions and second respecting their limited liability company interests, in the proportions in which the members share in distributions.

(2) A limited liability company that has dissolved must pay or make reasonable provision to pay all claims and obligations, including all contingent, conditional, or unmatured claims and obligations, known to the limited liability company and all claims and obligations which are known to the limited liability company but for which the identity of the claimant is unknown. A limited liability company shall not be required to make provision to pay claims that are or later

become barred under RCW 25.15.301 or 25.15.309 or other applicable law. If there are sufficient assets, such claims and obligations must be paid in full and any such provision for payment made must be made in full. If there are insufficient assets, such claims and obligations must be paid or provided for according to their priority and, among claims and obligations of equal priority, ratably to the extent of assets available therefor. Any remaining assets must be distributed as provided in this chapter. Any person winding up a limited liability company's affairs who has complied with this section is not personally liable to the claimants of the dissolved limited liability company by reason of such person's actions in winding up the limited liability company. [2015 c 188 § 60.]

25.15.309 Remedies available after distribution. (1) A claim against a dissolved limited liability company is barred if the limited liability company has filed a certificate of dissolution under RCW 25.15.269 that has not been revoked under RCW 25.15.294, and an action or other proceeding thereon is not commenced within three years after the filing of the certificate of dissolution.

(2) The dissolution of a limited liability company does not take away or impair any remedy available to or, except as provided in subsection (1) of this section or RCW 25.15.301, against that limited liability company, its managers, or its members for any right or claim existing, or any liability incurred at any time, whether prior to or after dissolution. Such an action or proceeding by or against the limited liability company may be prosecuted or defended by the limited liability company in its own name. [2015 c 188 § 61.]

ARTICLE IX. FOREIGN LIMITED LIABILITY COMPANIES

25.15.316 Law governing. A foreign limited liability company registered to do business in this state is subject to RCW 23.95.500 relating to the effect of registration and the governing law for registered foreign limited liability companies. [2015 c 176 § 7117; 2015 c 188 § 62.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.321 Registration required. Before doing business in this state, a foreign limited liability company must register with the secretary of state in accordance with Article 5 of chapter 23.95 RCW. [2015 c 176 § 7118; 2015 c 188 § 63.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.331 Name—Registered agent. (1) A foreign limited liability company may register with the secretary of state under any name that complies with RCW 23.95.525 and Article 3 of chapter 23.95 RCW.

(2) Each foreign limited liability company must continuously maintain in this state a registered agent in accordance with Article 4 of chapter 23.95 RCW.

(3) A foreign limited liability company may change its registered agent by delivering to the secretary of state for filing a statement of change in accordance with RCW 23.95.430.

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(4) A registered agent of a foreign limited liability company may change its information on file with the secretary of state in accordance with RCW 23.95.435 or 23.95.440.

(5) A registered agent of any foreign limited liability company may resign as agent by executing and delivering to the secretary of state for filing a statement of resignation in accordance with RCW 23.95.445. [2015 c 176 § 7119; 2015 c 188 § 65.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.336 Amendments to application. A registered foreign limited liability company must amend its foreign registration statement under the circumstances provided in RCW 23.95.515. [2015 c 176 § 7120; 2015 c 188 § 66.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.341 Withdrawal of registration. A foreign limited liability company may withdraw its registration by delivering to the secretary of state for filing a statement of withdrawal in accordance with RCW 23.95.530. [2015 c 176 § 7121; 2015 c 188 § 67.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.346 Doing business without registration. A foreign limited liability company doing business in this state without registering with the secretary of state is subject to RCW 23.95.505. [2015 c 176 § 7122; 2015 c 188 § 68.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.351 Enjoinder from doing business in this state. A foreign limited liability company may be enjoined from doing business in this state under RCW 23.95.555. [2015 c 176 § 7123; 2015 c 188 § 69.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.356 Activities not constituting transacting business. A nonexhaustive list of activities that do not constitute transacting business in this state is provided in RCW 23.95.520. [2015 c 176 § 7124; 2015 c 188 § 70.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.361 Service of process on registered foreign limited liability companies. Service of process, notice, or demand required or permitted by law to be served on the foreign limited liability company may be made in accordance with RCW 23.95.450. [2015 c 176 § 7125; 2015 c 188 § 71.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.367 Service of process on unregistered foreign limited liability companies. Any foreign limited liability company which does business in this state without having registered under Article 5 of chapter 23.95 RCW has thereby consented to service of legal process in accordance with RCW 23.95.450 in any civil action, suit, or proceeding against it in any state or federal court in this state arising or

growing out of any business done by it within this state. The doing of business in this state by such foreign limited liability company is a signification of the agreement of such foreign limited liability company that any such process when so served is of the same legal force and validity as if served upon a registered agent personally within this state. [2015 c 176 § 7126; 2015 c 188 § 72.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.371 Termination of registration. The secretary of state may terminate the registration of a foreign limited liability company registered in this state under the circumstances and procedures specified in RCW 23.95.550. [2015 c 176 § 7127; 2015 c 188 § 73.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

ARTICLE X. DERIVATIVE ACTIONS

25.15.386 Right to bring action. A member may bring a derivative action to enforce a right of a limited liability company if:

- (1) The member first makes a demand on the members in a member-managed limited liability company, or on the managers of a manager-managed limited liability company, requesting that they cause the limited liability company to bring an action to enforce the right, and the managers or other members do not bring the action within a reasonable time; or
- (2) A demand would be futile. [2015 c 188 § 75.]

25.15.391 Proper plaintiff. In a derivative action, the plaintiff must be a member at the time of bringing the action and:

- (1) At the time of the transaction of which the plaintiff complains; or
- (2) The plaintiff's status as a member had devolved upon the person by operation of law or pursuant to the terms of a limited liability company agreement from a person who was a member at the time of the transaction. [2015 c 188 § 76.]

25.15.396 Complaint. In a derivative action, the complaint must set forth with particularity:

- (1) The date and content of plaintiff's demand and the members' or managers' response to the demand; or
- (2) Why a demand should be excused as futile. [2015 c 188 § 77.]

25.15.401 Expenses. If a derivative action is successful, in whole or in part, as a result of a judgment, compromise, or settlement of any such action, the court may award the plaintiff reasonable expenses, including reasonable attorneys' fees, from the recovery of the limited liability company. [2015 c 188 § 78.]

ARTICLE XI. MERGERS AND CONVERSIONS

25.15.411 Definitions. In this article:

- (1) "Constituent limited liability company" means a limited liability company that is a party to a merger.

- (2) "Constituent organization" means an organization that is party to a merger.

- (3) "Converted organization" means the organization into which a converting organization converts under RCW 25.15.436 through 25.15.451.

- (4) "Converting limited liability company" means a converting organization that is a limited liability company.

- (5) "Converting organization" means an organization that converts into another organization pursuant to RCW 25.15.436.

- (6) "Governing statute" of an organization means the statute that governs the organization's internal affairs.

- (7) "Organization" means a general partnership, including a limited liability partnership; limited partnership, including a limited liability limited partnership; limited liability company; business trust; corporation; or any other person having a governing statute. The term includes domestic and foreign organizations whether or not formed for profit.

- (8) "Organizational documents" means:

- (a) For a domestic or foreign general partnership, its partnership agreement;

- (b) For a limited partnership or foreign limited partnership, its certificate of limited partnership and partnership agreement;

- (c) For a domestic or foreign limited liability company, its certificate of formation and limited liability company agreement, or comparable records as provided in its governing statute;

- (d) For a business trust, its agreement of trust and declaration of trust;

- (e) For a domestic or foreign corporation for profit, its articles of incorporation, bylaws, and other agreements among its shareholders which are authorized by its governing statute, or comparable records as provided in its governing statute; and

- (f) For any other organization, the basic records that create the organization and determine its internal governance and the relations among the persons that own it, have an interest in it, or are members of it.

- (9) "Personal liability" means personal liability for a debt, liability, or other obligation of an organization which is imposed on a person that co-owns, has an interest in, or is a member of the organization:

- (a) By the organization's governing statute solely by reason of the person co-owning, having an interest in, or being a member of the organization; or

- (b) By the organization's organizational documents under a provision of the organization's governing statute authorizing those documents to make one or more specified persons liable for all or specified debts, liabilities, and other obligations of the organization solely by reason of the person or persons co-owning, having an interest in, or being a member of the organization.

- (10) "Surviving organization" means an organization into which one or more other organizations are merged. [2015 c 188 § 79.]

25.15.416 Merger—Plan. (1) A limited liability company may merge with one or more other constituent organizations pursuant to this section and RCW 25.15.421 through 25.15.431 and a plan of merger, if:

(a) The governing statute of each of the other organizations authorizes the merger;

(b) The merger is not prohibited by the law of a jurisdiction that enacted any of those governing statutes; and

(c) Each of the other organizations complies with its governing statute in effecting the merger.

(2) The plan of merger must be in a record and must set forth:

(a) The name and form of each constituent organization;

(b) The name and form of the surviving organization;

(c) The terms and conditions of the merger, including the manner and basis of converting the interests in each constituent organization into any combination of the interests, shares, obligations, or other securities of the surviving organization or any other organization or into cash or other property in whole or part; and

(d) Any amendments to be made by the merger to the surviving organization's organizational documents.

(3) The plan of merger may set forth other provisions relating to the merger. [2015 c 188 § 80.]

25.15.421 Merger—Plan—Approval. (1) A plan of merger of a constituent limited liability company must be approved, and such approval shall occur when:

(a) The plan is approved by a majority of the members; and

(b) Any written consents required by RCW 25.15.456 have been obtained.

(2) Subject to RCW 25.15.456 and any contractual rights, after a merger is approved, and at any time before a filing is made under RCW 25.15.426, a constituent limited liability company may amend the plan or abandon the planned merger:

(a) As provided in the plan; and

(b) Except as prohibited by the plan, with the same approval as was required to approve the plan.

(3) If a domestic limited partnership is a party to the merger, the plan of merger must be adopted and approved as provided in RCW 25.10.781.

(4) If a domestic corporation is a party to the merger, the plan of merger must be adopted and approved as provided in chapter 23B.11 RCW.

(5) If a domestic partnership is a party to the merger, the plan of merger must be approved as provided in RCW 25.05.375. [2015 c 188 § 81.]

25.15.426 Articles of merger—Filing—Effective date. (1) After each constituent organization has approved a merger, articles of merger must be executed on behalf of each constituent organization by an authorized representative.

(2) The articles of merger must include:

(a) The name and form of each constituent organization and the jurisdiction of its governing statute;

(b) The name and form of the surviving organization and the jurisdiction of its governing statute;

(c) The date the merger is effective under the governing statute of the surviving organization;

(d) Any amendments provided for in the plan of merger for the organizational document that created the surviving organization;

(e) A statement as to each constituent organization that the merger was approved as required by the organization's governing statute;

(f) If the surviving organization is a foreign organization not registered to transact business in this state, the street and mailing address of the surviving organization's principal office for the purposes of service of process under RCW 23.95.450; and

(g) Any additional information required by the governing statute of any constituent organization.

(3) The surviving organization must deliver the articles of merger for filing in the office of the secretary of state.

(4) The effective time of a merger is:

(a) If the surviving organization is a limited liability company, upon the later of:

(i) Filing of the articles of merger in the office of the secretary of state; or

(ii) Subject to subsection (5) of this section, as specified in the articles of merger; or

(b) If the surviving organization is not a limited liability company, as provided by the governing statute of the surviving organization.

(5) If the articles of merger do not specify a delayed effective date, the articles of merger become effective upon filing as provided in RCW 23.95.210. The articles of merger may specify a delayed effective time and date in accordance with RCW 23.95.210. [2015 c 176 § 7128; 2015 c 188 § 82.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.431 Effect of merger. (1) When a merger becomes effective:

(a) The surviving organization continues;

(b) Each constituent organization that merges into the surviving organization ceases to exist as a separate entity;

(c) The title to all real estate and other property owned by each constituent organization is vested in the surviving organization without reversion or impairment;

(d) The surviving organization has all liabilities of each constituent organization;

(e) A proceeding pending by or against any constituent organization may be continued as if the merger did not occur or the surviving organization may be substituted in the proceeding for the constituent organization whose existence ceased;

(f) Except as prohibited by other law, all of the rights, privileges, immunities, powers, and purposes of each constituent organization that ceases to exist vest in the surviving organization;

(g) Except as otherwise provided in the plan of merger, the terms and conditions of the plan of merger take effect;

(h) The organizational documents of the surviving organization are amended to the extent provided in the articles of merger; and

(i) The former holders of interests of every constituent limited liability company are entitled only to the rights provided in the plan of merger and to their rights under article XII of this chapter.

(2) A merger of a limited liability company, including a limited liability company which is not the surviving organization in the merger, does not require the limited liability

company to wind up its affairs under RCW 25.15.297 or pay its liabilities and distribute its assets under RCW 25.15.305.

(3) A surviving organization that is a foreign organization consents to the jurisdiction of the courts of this state to enforce any obligation owed by a constituent organization, if before the merger the constituent organization was subject to suit in this state on the obligation. A surviving organization that is a foreign organization and not registered to transact business in this state may be served with process pursuant to RCW 23.95.450 for the purposes of enforcing an obligation under this subsection. [2015 c 176 § 7129; 2015 c 188 § 83.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.436 Conversion. (1) An organization other than a limited liability company may convert into a limited liability company, and a limited liability company may convert into an organization pursuant to this section and RCW 25.15.441 through 25.15.451 and a plan of conversion, if:

(a) The other organization's governing statute authorizes the conversion;

(b) The conversion is not prohibited by the law of the jurisdiction that enacted the other organization's governing statute; and

(c) The other organization complies with its governing statute in effecting the conversion.

(2) A plan of conversion must be in a record and must include:

(a) The name and form of the organization before conversion;

(b) The name and form of the organization after conversion;

(c) The terms and conditions of the conversion, including the manner and basis for converting interests in the converting organization into any combination of the interests, shares, obligations, or other securities of the converted organization or any other organization or into cash or other property in whole or part; and

(d) The organizational documents of the converted organization. [2015 c 188 § 84.]

25.15.441 Action on plan of conversion by converting limited liability company. (1) Subject to RCW 25.15.456, a plan of conversion must be consented to by all the members of a converting limited liability company.

(2) Subject to RCW 25.15.456 and any contractual rights, after a conversion is approved, and at any time before a filing is made under RCW 25.15.446, a converting limited liability company may amend the plan or abandon the planned conversion:

(a) As provided in the plan; and

(b) Except as prohibited by the plan, by the same approval as was required to approve the plan. [2015 c 188 § 85.]

25.15.446 Filing required for conversion—Effective date. (1) After a plan of conversion is approved, the converting organization must make one of the following filings to complete the conversion:

(a) A converting limited liability company must deliver to the secretary of state for filing articles of conversion, which must include:

(i) A statement that the limited liability company has been converted into another organization;

(ii) The name and form of the converted organization and the jurisdiction of its governing statute;

(iii) The date the conversion is effective under the governing statute of the converted organization;

(iv) A statement that the conversion was approved as required by this chapter;

(v) A statement that the conversion was approved as required by the governing statute of the converted organization; and

(vi) If the converted organization is a foreign organization not registered to transact business in this state, the street and mailing address of the converted organization's principal office for the purposes of service of process under RCW 23.95.450; or

(b) A converting organization that is not a limited liability company must deliver to the secretary of state for filing a certificate of formation, together with articles of conversion, which must include:

(i) A statement that the limited liability company was converted from another organization;

(ii) The name and form of the converting organization and the jurisdiction of its governing statute; and

(iii) A statement that the conversion was approved in a manner that complied with the converting organization's governing statute.

(2) The effective time of a conversion is either:

(a) If the converted organization is a limited liability company, when the certificate of formation takes effect; or

(b) If the converted organization is not a limited liability company, as provided by the governing statute of the converted organization.

(3) If the certificate of formation filed pursuant to this section does not specify a delayed effective date, it becomes effective upon filing as provided in RCW 23.95.210. The certificate of formation may specify a delayed effective time and date in accordance with RCW 23.95.210. [2015 c 176 § 7130; 2015 c 188 § 86.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.451 Effect of conversion. (1) An organization that has been converted pursuant to this article is for all purposes the same entity that existed before the conversion.

(2) When a conversion takes effect:

(a) The title to all real estate and other property owned by the converting organization remains vested in the converted organization without reversion or impairment;

(b) All debts, liabilities, and other obligations of the converting organization continue as obligations of the converted organization;

(c) An action or proceeding pending by or against the converting organization may be continued as if the conversion had not occurred;

(d) Except as prohibited by other law, all of the rights, privileges, immunities, powers, and purposes of the converting organization remain vested in the converted organization;

(e) Except as otherwise provided in the plan of conversion, the terms and conditions of the plan of conversion take effect; and

(f) Except as otherwise agreed, the conversion does not dissolve a converting limited liability company for the purposes of article VIII of this chapter.

(3) A converted organization that is a foreign organization consents to the jurisdiction of the courts of this state to enforce any obligation owed by the converting limited liability company, if before the conversion the converting limited liability company was subject to suit in this state on the obligation. A converted organization that is a foreign organization and not registered to transact business in this state may be served with process in accordance with RCW 23.95.450 for purposes of enforcing an obligation under this subsection. [2015 c 176 § 7131; 2015 c 188 § 87.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.456 Restrictions on approval of conversions. If a member of a converting limited liability company or constituent limited liability company will have personal liability with respect to a converted organization or surviving organization, then, in addition to the applicable approval requirements in RCW 25.15.441(1) or 25.15.421(1)(a), approval of a plan of conversion or plan of merger must also require the execution, by each such member, of a separate written consent to become subject to such personal liability. [2015 c 188 § 88.]

ARTICLE XII. DISSENTERS' RIGHTS

25.15.466 Definitions. In this article:

(1) "Dissenter" means a member who is entitled to dissent from a plan of merger and who exercises that right when and in the manner required by this article.

(2) "Fair value," with respect to a dissenter's limited liability company interest, means the value of the member's limited liability company interest immediately before the effectuation of the merger to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the merger unless exclusion would be inequitable.

(3) "Interest" means interest from the effective date of the merger until the date of payment, at the average rate currently paid by the limited liability company on its principal bank loans or, if none, at a rate that is fair and equitable under all the circumstances.

(4) "Limited liability company" means the limited liability company in which the dissenter holds or held a membership interest, or the surviving organization by merger, whether foreign or domestic, of that limited liability company. [2015 c 188 § 89.]

25.15.471 Member—Dissent—Payment of fair value.

(1) Except as provided in RCW 25.15.481 or 25.15.491(2), or in a written limited liability company agreement, a member of a limited liability company is entitled to dissent from, and obtain payment of, the fair value of the member's interest in a limited liability company in the event of consummation of a plan of merger to which the limited liability company is a party as permitted by RCW 25.15.416.

(2) A member entitled to dissent and obtain payment for the member's interest in a limited liability company under this article may not challenge the merger creating the member's entitlement unless the merger fails to comply with the procedural requirements imposed by this chapter, Title 23B RCW, chapter 25.05 RCW, chapter 25.10 RCW, or the limited liability company agreement, or is fraudulent with respect to the member or the limited liability company.

(3) The right of a dissenting member in a limited liability company to obtain payment of the fair value of the member's interest in the limited liability company terminates upon the occurrence of any one of the following events:

- (a) The proposed merger is abandoned or rescinded;
- (b) A court having jurisdiction permanently enjoins or sets aside the merger; or
- (c) The member's demand for payment is withdrawn with the written consent of the limited liability company. [2015 c 188 § 90.]

25.15.476 Dissenters' rights—Notice—Timing. (1)

Not less than ten days prior to the approval of a plan of merger, the limited liability company must send a written notice to all members who are entitled to vote on or approve the plan of merger that they may be entitled to assert dissenters' rights under this article. Such notice shall be accompanied by a copy of this article.

(2) The limited liability company must notify in writing all members not entitled to vote on or approve the plan of merger that the plan of merger was approved, and send them the dissenters' notice as required by RCW 25.15.486. [2015 c 188 § 91.]

25.15.481 Member—Dissent—Voting restriction.

A member of a limited liability company who is entitled to vote on or approve the plan of merger and who wishes to assert dissenters' rights must not vote in favor of or approve the plan of merger. A member who does not satisfy the requirements of this section is not entitled to payment for the member's interest in the limited liability company under this article. [2015 c 188 § 92.]

25.15.486 Members—Dissenters' notice—Requirement.

(1) If the plan of merger is approved, the limited liability company shall deliver a written dissenters' notice to all members who satisfied the requirements of RCW 25.15.481.

(2) The dissenters' notice required by RCW 25.15.476(2) or by subsection (1) of this section must be sent within ten days after the approval of the plan of merger, and must:

- (a) State where the payment demand must be sent;
- (b) Inform members as to the extent transfer of the member's interest in the limited liability company will be restricted as permitted by RCW 25.15.496 after the payment demand is received;
- (c) Supply a form for demanding payment;
- (d) Set a date by which the limited liability company must receive the payment demand, which date may not be fewer than thirty nor more than sixty days after the date the notice under this section is delivered; and
- (e) Be accompanied by a copy of this article. [2015 c 188 § 93.]

25.15.491 Member—Payment demand—Entitlement. (1) A member of a limited liability company who demands payment retains all other rights of a member of such limited liability company until the proposed merger becomes effective.

(2) A member of a limited liability company sent a dissenters' notice who does not demand payment by the date set in the dissenters' notice is not entitled to payment for the member's interest in the limited liability company under this article. [2015 c 188 § 94.]

25.15.496 Members' interests—Transfer restriction. The limited liability company may restrict the transfer of members' interests in the limited liability company from the date the demand for their payment is received until the proposed merger becomes effective or the restriction is released under this article. [2015 c 188 § 95.]

25.15.501 Payment of fair value—Requirements for compliance. (1) Within thirty days of the later of the date the proposed merger becomes effective, or the payment demand is received, the limited liability company must pay each dissenter who complied with RCW 25.15.491 the amount the limited liability company estimates to be the fair value of the dissenting member's interest in the limited liability company, plus accrued interest.

(2) The payment must be accompanied by:

(a) Copies of the financial statements for the limited liability company for its most recent fiscal year maintained as required by RCW 25.15.136;

(b) An explanation of how the limited liability company estimated the fair value of the member's interest in the limited liability company;

(c) An explanation of how the accrued interest was calculated;

(d) A statement of the dissenter's right to demand payment; and

(e) A copy of this article. [2015 c 188 § 96.]

25.15.506 Merger—Not effective within sixty days—Transfer restrictions. (1) If the proposed merger does not become effective within sixty days after the date set for demanding payment, the limited liability company must release any transfer restrictions imposed as permitted by RCW 25.15.496.

(2) If, after releasing transfer restrictions, the proposed merger becomes effective, the limited liability company must send a new dissenters' notice as provided in RCW 25.15.476(2) and 25.15.486 and repeat the payment demand procedure. [2015 c 188 § 97.]

25.15.511 Dissenter's estimate of fair value—Notice. (1) A dissenter may notify the limited liability company in writing of the dissenter's own estimate of the fair value of the dissenter's interest in the limited liability company, and amount of interest due, and demand payment of the dissenter's estimate, less any payment under RCW 25.15.501, if:

(a) The dissenter believes that the amount paid is less than the fair value of the dissenter's interest in the limited liability company, or that the interest due is incorrectly calculated;

(b) The limited liability company fails to make payment within sixty days after the date set for demanding payment; or

(c) The limited liability company, having failed to effectuate the proposed merger, does not release the transfer restrictions imposed on members' interests as permitted by RCW 25.15.496 within sixty days after the date set for demanding payment.

(2) A dissenter waives the right to demand payment under this section unless the dissenter notifies the limited liability company of the dissenter's demand in writing under subsection (1) of this section within thirty days after the limited liability company made payment for the dissenter's interest in the limited liability company. [2015 c 188 § 98.]

25.15.516 Unsettled demand for payment—Proceeding—Parties—Appraisers. (1) If a demand for payment under RCW 25.15.491 remains unsettled, the limited liability company must commence a proceeding within sixty days after receiving the payment demand and petition the court to determine the fair value of the dissenting member's interest in the limited liability company, and accrued interest. If the limited liability company does not commence the proceeding within the sixty-day period, it must pay each dissenter whose demand remains unsettled the amount demanded.

(2) The limited liability company must commence the proceeding in the superior court of the county where the limited liability company's principal office or, if none in this state, its registered office is located.

(3) The limited liability company must make all dissenters, whether or not residents of this state, whose demands remain unsettled parties to the proceeding as in an action against their membership interests in the limited liability company and all parties must be served with a copy of the petition. Nonresidents may be served by registered or certified mail or by publication as provided by law.

(4) The limited liability company may join as a party to the proceeding any member who claims to be a dissenter but who has not, in the opinion of the limited liability company, complied with the provisions of this article. If the court determines that such member has not complied with the provisions of this article, the member must be dismissed as a party.

(5) The jurisdiction of the court in which the proceeding is commenced is plenary and exclusive. The court may appoint one or more persons as appraisers to receive evidence and recommend decisions on the question of fair value. The appraisers have the powers described in the order appointing them or in any amendment to it. The dissenters are entitled to the same discovery rights as parties in other civil proceedings.

(6) Each dissenter made a party to the proceeding is entitled to judgment for the amount, if any, by which the court finds the fair value of the dissenter's membership interest in the limited liability company, plus interest, exceeds the amount paid by the limited liability company. [2015 c 188 § 99.]

25.15.521 Unsettled demand for payment—Costs—Fees and expenses of counsel. (1) The court in a proceeding commenced under RCW 25.15.516 must determine all costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court. The court

must assess the costs against the limited liability company, except that the court may assess the costs against all or some of the dissenters, in amounts the court finds equitable, to the extent the court finds the dissenters acted arbitrarily, vexatiously, or not in good faith in demanding payment.

(2) The court may also assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable:

(a) Against the limited liability company and in favor of any or all dissenters if the court finds the limited liability company did not substantially comply with the requirements of this article; or

(b) Against either the limited liability company or a dissenter, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this article.

(3) If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated, and that the fees for those services should not be assessed against the limited liability company, the court may award to these counsel reasonable fees to be paid out of the amounts awarded to the dissenters who were benefited. [2015 c 188 § 100.]

ARTICLE XIII. MISCELLANEOUS

25.15.801 Construction and application of chapter and limited liability company agreement. (1) The rule that statutes in derogation of the common law are to be strictly construed has no application to this chapter.

(2) It is the policy of this chapter to give the maximum effect to the principle of freedom of contract and to the enforceability of limited liability company agreements.

(3) Unless the context otherwise requires, as used in this chapter, the singular includes the plural and the plural may refer to only the singular. [2015 c 188 § 101.]

25.15.806 Applicable fees, charges, and penalties. Limited liability companies are subject to the applicable fees, charges, and penalties established by the secretary of state under RCW 23.95.260 and 43.07.120. [2015 c 176 § 7132; 2015 c 188 § 102.]

Effective date—Contingent effective date—2015 c 176: See note following RCW 23.95.100.

25.15.811 Authority to adopt rules. The secretary of state has the power and authority reasonably necessary for the efficient and effective administration of this chapter, including the adoption of rules under chapter 34.05 RCW. [2015 c 188 § 103.]

25.15.903 Effective date—2015 c 188. This act takes effect January 1, 2016. [2015 c 188 § 104.]

25.15.904 Short title. This chapter may be known and cited as the "Washington limited liability company act." [2015 c 188 § 105.]

25.15.905 Chapter application. This chapter does not affect an action commenced, proceeding brought, or right accrued before January 1, 2016. [2015 c 188 § 106.]

