

**[ARTICLE] 3**  
**LIMITED PARTNERS**

**SECTION 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; or
- (3) with the consent of all the partners.

**Comment**

**Source** – RULPA Section 301.

Although Section 801(4) contemplates the admission of a limited partner to avoid dissolution, that provision does not itself authorize the admission. Instead, this section controls. Contrast Section 801(3)(B), which itself authorizes the admission of a general partner in order to avoid dissolution.

**SECTION 302. 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.

**Comment**

In this respect a limited partner is analogous to a shareholder in a corporation; status as owner provides neither the right to manage nor a reasonable appearance of that right.

The phrase “as a limited partner” is intended to recognize that: (i) this section does not disable a general partner that also owns a limited partner interest, (ii) the partnership agreement may as a matter of contract allocate managerial rights to one or more limited partners; and (iii) a separate agreement can empower and entitle a person that is a limited partner to act for the limited partnership in another capacity; *e.g.*, as an agent. See Comment to Section 305

The fact that a limited partner *qua* limited partner has no power to bind the limited partnership means that, subject to Section 113 (Dual Capacity), information possessed by a limited partner is not attributed to the limited partnership. See Section 103(h).

This Act specifies various circumstances in which limited partners have consent rights, including:

- admission of a limited partner, Section 301(3)
- admission of a general partner, Section 401(4)
- amendment of the partnership agreement, Section 406(b)(1)
- the decision to amend the certificate of limited partnership so as to obtain or relinquish LLLP status, Section 406(b)(2)
- the disposition of all or substantially all of the limited partnership's property, outside the ordinary course, Section 406(b)(3)
- the compromise of a partner's obligation to make a contribution or return an improper distribution, Section 502(c)
- expulsion of a limited partner by consent of the other partners, Section 601(b)(4)
- expulsion of a general partner by consent of the other partners, Section 603(4)
- redemption of a transferable interest subject to charging order, using limited partnership property, Section 703(c)(3)
- causing dissolution by consent, Section 801(2)
- causing dissolution by consent following the dissociation of a general partner, when at least one general partner remains, Section 801(3)(A)
- avoiding dissolution and appointing a successor general partner, following the dissociation of the sole general partner, Section 801(3)(B)
- appointing a person to wind up the limited partnership when there is no general partner, Section 803(C)
- approving, amending or abandoning a plan of conversion, Section 1103(a) and (b)(2)
- approving, amending or abandoning a plan of merger, Section 1107(a) and (b)(2).

### **SECTION 303. 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.