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SENATE BILL NO. 228

Van Valkenburg

INTRODUCED BY

A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING A PARTNER FROM CANCELING OR HAVING CANCELED AN INSURANCE POLICY ISSUED TO THE PARTNERSHIP WITHOUT THE CONSENT OF A MAJORITY OF THE PARTNERS; AND AMENDING SECTION 35-10-401, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 35-10-401, MCA, is amended to read:

"35-10-401. Partner's rights and duties. (1) A partnership shall establish an account for each partner. The partnership shall credit the account with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, that the partner contributes to the partnership and the partner's share of the partnership profits. The partnership shall charge the account 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) A partnership shall credit each partner's account with an equal share of the partnership profits. A partnership shall charge each partner with a share of the partnership losses, whether capital or operating, in proportion to the partner's share of the profits.

(3) A partnership shall indemnify each partner for payments reasonably made and liabilities reasonably incurred by the partner in the ordinary and proper conduct of the business of the partnership or for the preservation of its business or property.

(4) A partnership shall repay a partner who, in aid of the partnership, makes a payment or advance beyond the amount of capital the partner agreed to contribute.

(5) A payment made by a partner that gives rise to a partnership obligation under subsection (3) or (4) constitutes a loan to the partnership. Interest accrues 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.



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6 MAJORITY OF THE PARTNERS NAMED IN THE POLICY; AND AMENDING SECTION 35-10-401, MCA."
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17 (2) A partnership shall credit each partner's account with an equal share of the partnership profits.
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19 in proportion to the partner's share of the profits.

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21 reasonably incurred by the partner in the ordinary and proper conduct of the business of the partnership
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25 (5) A payment made by a partner that gives rise to a partnership obligation under subsection (3)
26 or (4) constitutes a loan to the partnership. Interest accrues from the date of the payment or advance.

27 (6) ~~Each~~ EXCEPT AS PROVIDED IN SUBSECTION (10), EACH partner has equal rights in the
28 management and conduct of the partnership business.

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

30 (8) A partner is not entitled to remuneration for services performed for the partnership, except for

1 reasonable compensation for services rendered in winding up the business of the partnership.

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

3 (10) A partner may not cancel or have canceled an insurance policy issued to the partnership
4 without the consent of a majority of the partners NAMED IN THE POLICY.

5 ~~(10)~~(11) A difference arising as to a matter in the ordinary course of business of a partnership may
6 be decided by a majority of the partners. An act outside the ordinary course of business of a partnership
7 and an amendment to the partnership agreement may be undertaken only with the consent of all the
8 partners.

9 ~~(11)~~(12) This section does not affect the obligations of a partnership to other persons under
10 35-10-301."

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