

Chapter 31—Formation and Dissolution of General Partnerships

Under the RUPA, any partnership agreement should include:

- 1. The firm name and the identity of the partners**
- 2. The nature and scope of the partnership business**
- 3. The duration of the partnership**
- 4. The capital contributions of each partner**
- 5. The division of profits and sharing of losses**
- 6. The managerial duties of each partner**
- 7. A provision for salaries, if desired**
- 8. Restrictions, if any, upon the authority of particular partners to bind the firm**
- 9. Any desired variations from the partnership statute's default provisions governing dissolution**

10. A statement of the method or formula for determining the value of a partner's interest in the partnership

Rights in Specific Partnership Property

In adopting the entity theory, the RUPA abolishes the UPA's concept of tenants in partnership. Partnership property is owned by the partnership entity and not by the individual partners.

The RUPA provides that “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.” A partner may use or possess partnership property only on behalf of the partnership.

Disassociation and Dissolution of General Partnerships under the RUPA

Wrongful Dissociations

A partner's dissociation is wrongful if it breaches the partnership agreement. In addition, dissociation is wrongful in a term partnership if before the expiration of the term or the completion of the undertaking the partner:

- 1. voluntarily withdraws by express will unless the withdrawal follows within 90 days after another partner's dissociation by death, bankruptcy, or wrongful dissociation**
- 2. is expelled for misconduct by judicial determination**
- 3. becomes a debtor in bankruptcy; or**
- 4. is an entity and is expelled or dissociated because its dissolution or termination was willful.**

Rightful Dissociation

All other dissociations are rightful including:

- 1. the death of a partner in any partnership**
- 2. the withdrawal of a partner in a partnership at will**
- 3. in any partnership an event occurs that was agreed to in the partnership agreement as causing dissociation, and**
- 4. in any partnership a court determines that a partner has become incapable of performing the partner's duties under the partnership agreement.**