



# JONES DAY COMMENTARY

## OHIO UNIFORM PARTNERSHIP ACT

Beginning January 1, 2010, new chapter 1776 of the Ohio Revised Code will govern all Ohio general partnerships. Chapter 1776, based on the Revised Uniform Partnership Act (1997) ("RUPA"), substantially alters existing default rules governing general partnerships. As a result, all existing partnerships should consider how chapter 1776 affects their existing relationships and partnership agreement. Among the most significant provisions in chapter 1776 are:

- A complete adoption of the entity theory of partnership;
- Mandatory and exclusive fiduciary duties for partners;
- New rules governing the exit of partners from the partnership and the effect of a partner's departure on the entity;
- New terminology and some revised definitions of existing terms;
- Revised filing laws eliminating the requirement that a partnership list its partners in public filings; and
- Transition rules for partnerships formed before January 1, 2009, as well as notification requirements.

Most of the changes highlighted above are based on changes made by RUPA to the former Uniform Partnership Act. Ohio's chapter 1776 incorporates some RUPA innovations that are similar to changes that Delaware made in its new act, and has some unique provisions.<sup>1</sup> The text of chapter 1776 is currently available as House Bill 332, at [http://www.legislature.state.oh.us/bills.cfm?ID=127\\_\\_HB\\_332](http://www.legislature.state.oh.us/bills.cfm?ID=127__HB_332).

### TRANSITION RULES

Chapter 1776 establishes several critical dates for the transition from chapter 1775, Ohio's existing partnership statute, to the new partnership statute. House Bill 332 was effective August 6, 2008, although certain provisions are not effective until January 1, 2010. A general partnership formed on or after January 1, 2009 will be governed by chapter 1776.<sup>2</sup> An exception to the general rule is a partnership formed in 2009 that is continuing the business of a dissolved partnership. In that case, the continuing partnership will remain sub-

ject to chapter 1775 until January 1, 2010, unless it elects into chapter 1776.<sup>3</sup> Beginning January 1, 2009, existing partnerships may elect to be governed by new chapter 1776.<sup>4</sup> The partnership should elect into chapter 1776 in the same manner that it would amend its partnership agreement.<sup>5</sup> After January 1, 2010, without any further action, all Ohio partnerships will be governed by chapter 1776.<sup>6</sup>

## TERMINOLOGY

Chapter 1776 changes the meaning of several existing terms and also introduces concepts new to Ohio general partnership law.

Chapter 1776 narrows the definition of “knowledge.” Under current law, a person has “knowledge” when the person has actual knowledge or when the person has knowledge of other facts such that the circumstances suggest bad faith.<sup>7</sup> New chapter 1776 defines knowledge differently. A person “knows” a fact only if the person has actual knowledge;<sup>8</sup> the new statute eliminates bad faith from the definition of knowledge.<sup>9</sup>

In contrast, chapter 1776 broadens the definition of “notice.” Chapter 1775 deemed a person to have notice when another seeking to prove notice told the fact to the person, or delivered a written statement to the person or a “proper person” at the person’s business or residence.<sup>10</sup> For purposes of chapter 1776, a person has “notice” under one of three circumstances: when the person knows the fact, has received “notification” of the fact, or has reason to know the fact exists.<sup>11</sup> A person receives “notification” either when the notification is delivered to the person’s place of business or other place for receiving communications, or when the person actually becomes aware of the fact.<sup>12</sup> A sender “notifies” another person by taking steps “reasonably required to inform the other person . . . whether or not the other person learns of that notification.”<sup>13</sup>

Another definitional change from chapter 1775 broadens the meaning of a partner’s “interest in the partnership.” Under current law, a partner’s “interest in the partnership” constitutes only a partner’s economic interest in the partnership.<sup>14</sup> Both chapter 1776 and RUPA, however, define “interest in the partnership” more broadly as a partner’s economic interest, management interest, and other rights in the partnership.<sup>15</sup>

Chapter 1776 uses the term “economic interest in the partnership” to describe the equivalent of “interest in the partnership” under current law.<sup>16</sup>

Importantly, chapter 1776 creates a new concept of “dissociation” in connection with the new rules governing the exit of a partner from a partnership. Under chapter 1775, a partner’s exit always caused a dissolution.<sup>17</sup> Under the new rules, a dissociation results when one of the events listed in section 1776.51 occurs; the dissociation will result in either a dissolution or, subject to contrary agreement of the partners in a written partnership agreement, a buyout of the disassociated partner.<sup>18</sup> The term “dissolution” continues to mean an event triggering the winding up of the partnership, but it occurs in more limited circumstances.

Finally, chapter 1776 uses the term “tribunal” rather than RUPA’s term, “court.” Chapter 1776 defines “tribunal” to include a court, as well as arbitration forums.<sup>19</sup> Thus, Ohio provides more flexibility and allows partners to select a forum other than a court for dispute resolution.

## PARTNERSHIP AS AN ENTITY

In response to *Arpardi v. First MSP Corp.*,<sup>20</sup> Ohio had already amended its partnership statute to define a partnership as, in part, “an entity of two or more persons” rather than just “two or more persons.”<sup>21</sup> As a result, Ohio had explicitly adopted an entity theory of partnership prior to enacting chapter 1776. The new statute, however, more completely embraces an entity theory of partnership<sup>22</sup> and, as a result, makes the partnership form of business more stable and predictable.<sup>23</sup> For example, because a partnership is an entity distinct from the aggregate of its partners, a partnership continues despite a partner leaving or a new partner joining.<sup>24</sup> Thus, as the comments to the analogous RUPA section make clear,<sup>25</sup> the explicit adoption of an entity theory of partnership should avoid results such as the one reached by the court in *Arpardi* and the equally perplexing *Fairway Development* case.<sup>26</sup>

Another important consequence of the entity theory is that rules relating to the transfer of property are more streamlined.<sup>27</sup> Under Ohio’s current partnership statute, a partnership does not own property; the partners hold the property through a tenancy in partnership.<sup>28</sup> This concept will be elimi-

nated when chapter 1776 supplants chapter 1775 on January 1, 2010 (or earlier for new partnerships or partnerships that elect to be governed by the new statute).

A fourth result of an explicit entity theory of partnership is that partners can sue the partnership, and a partner can sue the partnership or another partner.<sup>29</sup>

Finally, chapter 1776 also codifies Ohio courts' conclusion that a partner's liability is secondary rather than primary. When a partner is personally liable for a partnership obligation under section 1776.36, before seeking to collect from a partner's individual property, a partnership creditor must exhaust the partnership's assets.<sup>30</sup> In addition, 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."<sup>31</sup> The comments to the analogous RUPA provision note that a partner "must be individually named and served, either in the action against the partnership or in a later suit," before the partner's personal assets are available to satisfy a claim against the partnership.<sup>32</sup>

## FIDUCIARY DUTIES

Chapter 1776 adopted RUPA's fiduciary duty provisions<sup>33</sup> and, as a result, establishes mandatory default rules that the partnership agreement cannot alter.<sup>34</sup> While chapter 1776 restricts the partners' ability to contract out of the fiduciary duties imposed by statute, it also establishes that the duties of loyalty and care are the "only" fiduciary duties a partner owes, and that the extent of those duties is delineated in the statute.<sup>35</sup>

The duty of loyalty to the partnership and other partners consists of three parts:

- (1) "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;"<sup>36</sup>
- (2) "To refrain from dealing with the partnership in the conduct or winding up of the partnership business as or on behalf of" a person with an interest adverse to the partnership;<sup>37</sup> and

- (3) To refrain from competing with the partnership in its business (before dissolution).<sup>38</sup>

These three elements encompass a partner's entire duty of loyalty to the partnership.<sup>39</sup> The partnership agreement cannot eliminate the duty of loyalty; it can, however, specify types or categories of activities, if not manifestly unreasonable, that do not violate the duty of loyalty.<sup>40</sup>

A partner's duty of care "is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law."<sup>41</sup> As with the duty of loyalty, the partnership agreement cannot "unreasonably reduce" a partner's duty of care, although the partners may agree to a higher standard of conduct.<sup>42</sup> In addition, the statute requires partners to exercise rights and discharge duties in conformity with the contract-based obligation of good faith and fair dealing.<sup>43</sup> While the partnership agreement cannot eliminate the obligation of good faith and fair dealing, it may set forth standards, if not manifestly unreasonable, to determine whether a partner has complied with the obligation.<sup>44</sup>

Section 1776.44 also makes explicit that a partner does not violate his fiduciary duties or obligations under the statute or partnership agreement "merely because the partner's conduct furthers the partner's own interest."<sup>45</sup> The comments to the analogous provision in RUPA provide the example of a partner who, with consent, owns a shopping center. The partner may vote against a proposal by the partnership to open a competing shopping center without violating duties to the partnership.<sup>46</sup>

While the statute does not list remedies for breach of fiduciary duties in the section setting forth the mandatory default rules, the comments to the RUPA provision analogous to section 1776.45 state that partners may not eliminate entirely the remedies for breach of duties that are mandatory under section 1776.03.<sup>47</sup>

## EXITING THE PARTNERSHIP: DISSOCIATION

Among the most significant provisions in chapter 1776 are those governing the exit of a partner from a partnership.<sup>48</sup> Under chapter 1775, a partnership dissolves when, for example, the term for a term partnership ends<sup>49</sup> or a partner

expresses a will to leave the partnership.<sup>50</sup> After a partnership dissolves, it continues for the purpose of winding up its business, which includes paying creditors and settling partner accounts. After winding up, the partnership terminates.

Under chapter 1776, a partner's departure or "dissociation" from the partnership does not cause an automatic dissolution.<sup>51</sup> Instead, depending on the type of dissociation, the new statute provides for either the buyout of the dissociated partner's interest in the partnership or a dissolution and winding up of the partnership's business.<sup>52</sup> If the dissociation is of the type listed in section 1776.61, a dissolution and winding up of the partnership business will result.<sup>53</sup> If not, the partnership must buy out the dissociated partner's interest, the dissociated partner's authority and liability is terminated, and the partnership continues as before.<sup>54</sup>

In addition to separating dissociation events causing dissolution from those triggering a buyout,<sup>55</sup> the statute provides a method for settling partners' accounts upon dissolution, as well as for determining the buyout price for a dissociating partner's partnership interest.<sup>56</sup> Chapter 1776 also addresses a dissociated partner's ability to bind the partnership and a dissociated partner's liability for partnership acts.<sup>57</sup>

Chapter 1776's buyout provisions provide flexibility not found in RUPA. Generally, a partner's dissociation that does not cause a dissolution will result in a purchase of the dissociated partner's partnership interest.<sup>58</sup> Under section 1776.54(F), "if the partnership determines that immediate payment of the buyout price would cause undue hardship to the business of the partnership," the partnership may defer payment.<sup>59</sup> The partnership would instead tender a written offer to pay the estimated buyout price, stating the time of payment, the amount and type of security for the payment, and other terms and conditions of the obligation.<sup>60</sup> The partners may vary the buyout requirements by written agreement.<sup>61</sup>

## FILING REQUIREMENTS AND STATEMENTS OF AUTHORITY

Under current law, a partnership that owns real property must file a certificate "stating the names in full of all the members of the partnership and their places of residence."<sup>62</sup> As part of its changes to Ohio general partnership law, House Bill 332

eliminates this requirement, along with the corresponding requirements embodied in sections 1777.01 through 1777.06. Consequently, a partnership formed after January 1, 2009, or a partnership electing into chapter 1776, is not required to make a filing under chapter 1777,<sup>63</sup> and after 2010, no partnership needs to make a filing under chapter 1777.<sup>64</sup> A partnership may file a statement of authority, however. If a partnership files a statement of partnership authority, it must either identify the names and addresses of all the partners, or identify an information agent who must maintain a list and make it available "to any person on request for good cause shown."<sup>65</sup> Filing a statement of partnership authority also subjects the partnership to the requirement that it appoint an agent for service of process.<sup>66</sup>

House Bill 332 also amends sections 1329.01 and 1329.04 of the Revised Code. Currently, to register an entity name or a fictitious name with the secretary of state, a general partnership must set forth the name and address of all the partners.<sup>67</sup> House Bill 332 amends this section to require a partnership to set forth the name and address of "at least one partner or the identifying number the secretary of state assigns to the partnership."<sup>68</sup> In addition, House Bill 332 amends section 1329.04. Currently, a partnership must renew its registration following a change in "the listing of partners on its registration or report."<sup>69</sup> Under the new regime, an amendment is required only when "any partner named on its registration or report ceases to be a partner."<sup>70</sup> These changes to chapter 1329 became effective on August 6, 2008. Thus, as a practical matter, partnerships will file reports and registrations less frequently, and partnerships will no longer be required to identify all the partners in a public filing.

As under current law, a partner acting in the ordinary course of the partnership's business has authority to bind the partnership.<sup>71</sup> Under chapter 1776, however, a partner's authority is subject to statements of partnership authority that the partnership files.<sup>72</sup>

If a partnership files a statement granting a partner authority to transfer real property held in the name of the partnership, the recorded grant of authority is conclusive in favor of a third-party transferee who has no actual knowledge to the contrary.<sup>73</sup> A partner's authority to transfer partnership real property under a statement of partnership authority is effective only if the property is held in the name of the part-

nership.<sup>74</sup> Further, third parties are bound by a recorded limitation of a partner's authority to transfer real property held in the name of the partnership.<sup>75</sup>

Chapter 1776 also allows partnerships to file statements of partnership authority that affect a partner's authority for transactions not involving real property. A grant of authority, such as a grant of authority to act outside the ordinary course of the partnership's business, is binding on the partnership in favor of a person who gives value in good faith.<sup>76</sup> A limitation on a partner's authority with respect to transactions other than real property transactions does *not* create constructive knowledge of a partner's lack of authority.<sup>77</sup> Such a limitation is effective only against a third party who knows or has received notification of the limitation.<sup>78</sup>

In addition to filing statements of partnership authority, partnerships have the option to file a statement of dissociation. Either a dissociated partner or the partnership may file a statement of dissociation.<sup>79</sup> Generally, after a partner dissociates, the partner's actions continue to bind the partnership for two years under the theory of apparent authority.<sup>80</sup> Filing a statement of dissociation, however, gives third parties constructive notice of the dissociated partner's lack of authority 90 days after the statement is filed, and thus terminates the dissociated partner's apparent authority to bind the partnership.<sup>81</sup> A statement of dissociation also modifies a previously filed statement of authority.<sup>82</sup>

In addition, a statement of dissociation affects a dissociated partner's liability to third parties. Although a dissociated partner generally is not liable for any partnership obligation incurred after dissociation,<sup>83</sup> the dissociating partner will be liable to third parties "for transactions entered into by the partnership within two years after departure, if the other party does not have notice of the partner's dissociation and reasonably believes when entering the transaction that the dissociated partner is still a partner."<sup>84</sup> A statement of dissociation, however, will provide constructive notice to third parties that the partner has dissociated, thus eliminating the dissociated partner's potential liability for obligations the partnership incurs in the future.<sup>85</sup> A dissociated partner is not, however, liable as a partner *merely* because the partner fails to file a statement of dissociation or to amend a statement of partnership authority to indicate the partner has dissociated.<sup>86</sup>

Finally, a partnership electing into chapter 1776 prior to January 1, 2010, must notify third parties who did business with the partnership during the one-year period prior to its election into chapter 1776 in order for chapter 1776's provisions regarding statements of dissociation to be effective against those third parties.<sup>87</sup>

## LIMITED LIABILITY PARTNERSHIPS

As under current law,<sup>88</sup> to become a limited liability partnership, a partnership must file a statement of qualification.<sup>89</sup> In addition, a limited liability partnership must file a biennial report,<sup>90</sup> and failure to do so is grounds for the secretary of state to revoke the limited liability partnership's statement of qualification.<sup>91</sup> Thus, the filing requirements for a limited liability partnership have not changed.<sup>92</sup> In addition, the full shield protection for a limited liability partnership continues.<sup>93</sup>

Section 1776.84(A), a provision absent from RUPA, is a significant change for Ohio limited liability partnerships. The first part of section 1776.84(A) prohibits a limited liability partnership from making "distributions" to partners if making distributions would cause the liabilities of the limited liability partnership to exceed its assets. The last sentence of section 1776.84(A), however, clarifies that "distribution" does not include "amounts constituting reasonable compensation for present or past services or payments made in the ordinary course of business pursuant to a bona fide retirement plan or other benefits program."<sup>94</sup>

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## ENDNOTES

- 1 The Ohio-specific provisions are: the definition of tribunal (see text accompanying note 19 *infra*); the breadth of permissible choice of law for a partnership agreement (§ 1776.06(C) and (D)); the ability to defer or stage a buyout (see text accompanying notes 58-59 *infra*); the provision regarding permitted distributions from a limited liability partnership (see text accompanying note 94 *infra*); and the elimination of the defense of usury with respect to partnership obligations and for obligations of a partner to the partnership (§ 1776.04(C) and (D)).
- 2 O.R.C. §§ 1775.66(B), 1776.95(A)(1).
- 3 O.R.C. § 1776.95(A)(1).
- 4 O.R.C. §§ 1775.66(C), 1776.95(C)(1).
- 5 O.R.C. § 1776.95(C)(1).
- 6 O.R.C. §§ 1775.66(A), 1776.95(B).
- 7 O.R.C. § 1775.02(A).
- 8 O.R.C. § 1776.02(A). In some contexts, this change will not make much practical difference because of the new definition of “notice.” See text accompanying notes 10-13 *infra*.
- 9 RUPA § 102, cmt.
- 10 O.R.C. § 1775.02(B).
- 11 O.R.C. § 1776.02(B).
- 12 RUPA § 102, cmt.
- 13 O.R.C. § 1776.02; see Edwin W. Hecker, Jr., *The Kansas Revised Uniform Partnership Act*, 68 J. Kan. B. Ass’n. 16, 21(1999). The article notes that critics of RUPA believe “inclusion of the concept of notification expands the category of cases in which the partnership will not be bound and lessens third party protection.” *Id.* Another commentator has advised creditors to check the public record of a partnership every 90 days. See Carol R. Goforth, *The Revised Uniform Partnership Act: Ready or Not, Here It Comes*, 1999 Ark. L. Notes 47, 49-50 (1999).
- 14 O.R.C. § 1775.25; RUPA § 101, cmt.; RUPA § 502.
- 15 O.R.C. § 1776.01(P); RUPA § 101(P).
- 16 O.R.C. § 1776.01(F). Like Ohio, Delaware uses the term “economic interest” where RUPA uses the term “transferable interest.”
- 17 O.R.C. § 1775.51(G)(1).
- 18 O.R.C. § 1776.53(A).
- 19 O.R.C. § 1776.10(W).
- 20 *Arpadi v. First MSP Corp.*, 628 N.E.2d 1335 (Ohio 1994). In *Arpadi*, the limited partners of a limited partnership sued the partnership’s attorney for malpractice. *Id.* at 1338. The defendants argued that they owed no duty to the limited partners, and only to the partnership itself. *Id.* The Ohio Supreme Court held that, because under Ohio law the limited partnership is “indistinguishable from the partners that compose it, the duty arising from the relationship between the attorney and the partnership extends as well to the limited partners.” *Id.* at 1339. The case also repeated the general principle that a partnership is an aggregate of individuals and does not constitute a separate legal entity. *Id.* at 1338.
- 21 O.R.C. § 1775.05(A).
- 22 O.R.C. § 1776.21(A) (“A partnership is an entity distinct from its partners.”).
- 23 See Mark Anderson, *Not Our Grandparents’ Partnership Statute*, 46 Advocate 12, 12 (2003).
- 24 RUPA § 601, cmt. 1.
- 25 RUPA § 201, cmt.
- 26 *Fairway Development Co. v. Title Ins. Co. of Minn.*, 621 F. Supp. 120 (N.D. Ohio 1985). The court followed the aggregate theory of partnership and held that a partnership of three partners dissolved when two of the partners transferred their entire partnership rights to the third partner and an outside buyer. *Id.* at 124. Thus, when the “new” partnership sought to sue an insurance company based on a contract signed by the original partnership, the court held the partnership lacked standing. *Id.*
- 27 The effect of the new rules under chapter 1776 for transferring property will depend on whether or not the transaction involves real property held in the name of the partnership. See O.R.C. § 1776.32.
- 28 O.R.C. § 1775.24.
- 29 O.R.C. §§ 1776.43(A), 1776.43(B).
- 30 O.R.C. § 1776.37(D); RUPA § 307, cmt. 4. Chapter 1776 also provides certain exceptions, such as when “[a] judgment based on the same claim was obtained against the partnership and a writ of execution on the judgment was returned unsatisfied in whole or in part.” O.R.C. § 1776.37(D)(1). Another exception is when the partnership is a debtor in bankruptcy, or the partner agrees that the creditor does not have to first exhaust partnership assets. O.R.C. §§ 1776.37(D)(2), 1776.37(D)(3).
- 31 O.R.C. § 1776.37(C).
- 32 RUPA § 307, cmt. 3.

- 33 O.R.C. § 1776.44.
- 34 Generally, partners can, by agreement, establish the rules that will govern their relationship. O.R.C. § 1776.03(A). However, chapter 1776 (like RUPA) places limits on varying certain of its provisions, including a partner's fiduciary obligations. O.R.C. § 1776.03(B).
- 35 O.R.C. §§ 1776.44(A), 1776.44(B), 1776.44(C).
- 36 O.R.C. § 1776.44(B)(1).
- 37 O.R.C. § 1776.44(B)(2).
- 38 O.R.C. § 1776.44(B)(3).
- 39 RUPA § 404, cmt. 2.
- 40 O.R.C. § 1776.03(B)(3).
- 41 O.R.C. § 1776.44(C).
- 42 O.R.C. § 1776.03(B)(4).
- 43 O.R.C. § 1776.44(D).
- 44 O.R.C. § 1776.03(B)(5).
- 45 O.R.C. § 1776.44(E).
- 46 RUPA § 404, cmt. 5.
- 47 RUPA § 405, cmt. 3.
- 48 See NCCUSL, *Summary: UPA (1994)*, available at [http://www.nccusl.org/nccusl/uniformact\\_summaries/uniformacts-s-upa1994.asp](http://www.nccusl.org/nccusl/uniformact_summaries/uniformacts-s-upa1994.asp).
- 49 O.R.C. § 1775.30(A)(1).
- 50 O.R.C. §§ 1775.30(B)(1), 1775.30(A)(2).
- 51 RUPA § 601, cmt. 1.
- 52 See RUPA § 601, cmt. 1.
- 53 O.R.C. § 1776.61 ("A partnership is dissolved, and the partnership's business shall be wound up, only upon the occurrence of any of the following events. . . ."); O.R.C. § 1776.53(A) ("If a partner's dissociation results in a dissolution and winding up of the partnership business, sections 1776.61 to 1776.67 of the Revised Code apply.").
- 54 O.R.C. § 1776.54(A) ("When a partner is dissociated from a partnership and that dissociation does not result in a dissolution and winding up of the partnership business under section 1776.61 of the Revised Code, the partnership shall cause the dissociated partner's interest in the partnership to be purchased for a buyout price determined pursuant to [1776.54(B)].").
- 55 O.R.C. §§ 1776.66, 1776.67.
- 56 O.R.C. § 1776.54(B).
- 57 O.R.C. §§ 1776.55, 1776.56.
- 58 O.R.C. §§ 1776.54(A), 1776.54(B).
- 59 O.R.C. § 1776.54(F).
- 60 O.R.C. § 1776.54(F).
- 61 O.R.C. § 1776.03.
- 62 O.R.C. § 1777.02.
- 63 O.R.C. §§ 1777.07(B), 1777.07(C).
- 64 O.R.C. § 1777.07(A). The filing of a statement of partnership authority is the mechanism to give third parties notice of who has authority to transfer real property held in the name of the partnership. For a discussion of statements of partnership authority, see *infra* notes 73-75.
- 65 O.R.C. §§ 1776.33(A)(1)(c), 1776.33(B).
- 66 O.R.C. § 1776.33(A)(1)(d).
- 67 O.R.C. § 1329.01.
- 68 O.R.C. § 1329.01(B)(1)(a).
- 69 O.R.C. § 1329.04.
- 70 O.R.C. § 1329.01(B)(1)(a). Renewals every five years are still required under section 1329.04.
- 71 O.R.C. §§ 1776.31(A), 1776.31(B).
- 72 O.R.C. § 1776.31.
- 73 O.R.C. § 1776.33(D)(2); RUPA § 303, cmt. 2.
- 74 The comments to the analogous RUPA provision, § 303, explain that a recorded statement has no effect on a partner's authority to transfer partnership real property held other than in the name of the partnership. RUPA § 303, cmt. 2. A partnership's interest in property not held in the name of the partnership, by definition, will not be disclosed in a record title search by a third party. See § 1776.24; RUPA § 303, cmt. 2.
- 75 O.R.C. § 1776.33(E) provides that third parties are deemed to have knowledge of a recorded limitation on a partner's authority to transfer real property held in the name of the partnership. Transferees are bound by knowledge of a limitation on a partner's authority under section 1776.32, and thus are bound by a filed limitation of authority. RUPA § 303, cmt. 2.
- 76 O.R.C. § 1776.33(D)(1).
- 77 O.R.C. § 1776.33(F).
- 78 O.R.C. §§ 1776.33(F), 1776.31; RUPA § 303, cmt. 3.
- 79 O.R.C. § 1776.57(A).
- 80 O.R.C. § 1776.55(A); see RUPA § 702(a), cmt. 1. A dissociated partner is liable to the partnership for obligations the partner improperly incurs on behalf of the partnership within two years after dissociation. O.R.C. § 1776.55(B).
- 81 O.R.C. § 1776.57(C); see also O.R.C. § 1776.31(A) (noting that a partnership is bound by a partner's acts unless the third party received notification that the partner lacked authority).
- 82 O.R.C. § 1776.57(B).

- 83 O.R.C. § 1776.56(A).  
84 RUPA § 703, cmt.; see O.R.C. § 1776.56(B).  
85 O.R.C. § 1776.57(C).  
86 O.R.C. § 1776.38(D).  
87 O.R.C. § 1776.95(C)(2). This requirement of notification also applies to other provisions that limit a partner's liability to third parties. *Id.* The comments to RUPA § 1206, the uniform act's analogue to section 1776.95, explain why the notification is necessary. If a partnership elected into chapter 1776 and then filed a statement of dissociation, which limits a dissociated partner's liability and authority, without a notification that the partnership had elected into chapter 1776, third parties would not realize it was necessary to check partnership records for such statements. RUPA § 1206, cmt. 3.  
88 O.R.C. § 1775.61.  
89 O.R.C. § 1776.81(C).  
90 O.R.C. § 1776.81(B). Under RUPA, a limited liability partnership is required to file an annual report. RUPA § 1003.  
91 O.R.C. § 1776.81(C). A revocation affects only a partnership's limited liability status and does not result in a dissolution of the partnership. O.R.C. § 1776.81(D).  
92 For example, O.R.C. § 1775.63 currently requires a limited liability partnership to file a biennial report.  
93 O.R.C. § 1775.14(B).  
94 O.R.C. § 1776.84(A).