

56-1a203. Liability of limited partners to third parties. (a) Except as provided in K.S.A. 56-1a157 and amendments thereto and in subsection (d), a limited partner is not liable for the obligations of a limited partnership unless the limited partner is also a general partner or, in addition to the exercise of the rights and powers of a limited partner, the limited partner participates in the control of the business. However, if the limited partner does participate in the control of the business, the limited partner is liable only to persons who transact business with the limited partnership reasonably believing, based upon the limited partner's conduct, that the limited partner is a general partner.

(b) A limited partner does not participate in the control of the business within the meaning of subsection (a) by virtue of the limited partner's possessing or exercising one or more of the following powers:

(1) To be a contractor for or an agent or employee of the limited partnership or of a general partner, or to be an officer, director or shareholder of a general partner that is a corporation;

(2) to consult with or advise a general partner with respect to the business of the limited partnership;

(3) to act as surety for the limited partnership or to guarantee or assume one or more specific obligations of the limited partnership or to provide collateral for the limited partnership;

(4) to take any action required or permitted by law to bring or pursue a derivative action in the right of the limited partnership;

(5) to vote on one or more of the following matters:

(A) The dissolution and winding up of the affairs of the limited partnership;

(B) the sale, exchange, lease, mortgage, pledge or other transfer of a material portion of the assets of the limited partnership;

(C) the incurrence, renewal, refinancing or payment or other discharge of material indebtedness by the limited partnership;

(D) a change in the nature of the business;

(E) the admission, removal or retention of a general partner; or

(F) the admission, removal or retention of a limited partner;

(6) to request or attend a meeting of partners; or

(7) to approve or disapprove, by voting or otherwise, any material matters which are related to the business of the partnership and which are stated in the partnership agreement.

(c) The enumeration in subsection (b) does not mean that the possession or exercise of any other powers by a limited partner constitutes participation by the limited partner in the control of the business of the limited partnership.

(d) A limited partner who knowingly permits the limited partner's name to be used in the name of the limited partnership, except under circumstances permitted by K.S.A. 56-1a102 and amendments thereto, is liable to creditors who extend credit to the limited partnership without actual knowledge that the limited partner is not a general partner.

History: L. 1983, ch. 88, § 20; L. 1987, ch. 208, § 9; L. 1988, ch. 195, § 8; July 1.