

UNIFORM PARTNERSHIP ACT (EXCERPT)

Act 72 of 1917

Part III

RELATIONS OF PARTNERS TO PERSONS DEALING WITH THE PARTNERSHIP.

449.9 Partner as agent of partnership relative to partnership business.

Sec. 9.

(Partner agent of partnership as to partnership business).

(1) Every partner is an agent of the partnership for the purpose of its business, and the act of every partner, including the execution in the partnership name of any instrument, for apparently carrying on in the usual way the business of the partnership of which he is a member binds the partnership, unless the partner so acting has in fact no authority to act for the partnership in the particular matter, and the person with whom he is dealing has knowledge of the fact that he has no such authority;

(2) An act of a partner which is not apparently for the carrying on of the business of the partnership in the usual way does not bind the partnership unless authorized by the other partners;

(3) Unless authorized by the other partners or unless they have abandoned the business, 1 or more but less than all the partners have no authority to:

(a) Assign the partnership property in trust for creditors or on the assignee's promise to pay the debts of the partnership,

(b) Dispose of the good-will of the business,

(c) Do any other act which would make it impossible to carry on the ordinary business of the partnership,

(d) Confess a judgment,

(e) Submit a partnership claim or liability to arbitration or reference;

(4) No act of a partner in contravention of a restriction on his authority shall bind the partnership to persons having knowledge of the restriction.

History: 1917, Act 72, Eff. Aug. 10, 1917 ;-- CL 1929, 9849 ;-- CL 1948, 449.9

449.10 Real property of partnership; conveyance of title.

Sec. 10.

(Conveyance of real property of the partnership).

(1) Where title to real property is in the partnership name, any partner may convey a title to such property by a conveyance executed in the partnership name; but the partnership may recover such property unless the partner's act binds the partnership under the provisions of paragraph 1 of section 9, or unless such property has been conveyed by the grantee or a person claiming through such grantee to a holder for value without knowledge that the partner, in making the conveyance, has exceeded his authority;

(2) Where title to real property is in the name of the partnership, a conveyance executed by a partner, in his own name, passes the equitable interest of the partnership, provided the act is one within the authority of the partner under the provisions of paragraph 1 of section 9;

(3) Where title to real property is in the name of 1 or more but not all the partners, and the record does not disclose the right of the partnership, the partners in whose name the title stands may convey title to such property, but the partnership may recover such property if the partners' act does not bind the partnership under the provisions of paragraph 1 of section 9, unless the purchaser or his assignee, is a holder for value, without knowledge;

(4) Where the title to real property is in the name of 1 or more or all the partners, or in a third person in trust for the partnership, a conveyance executed by a partner in the partnership name, or in his own name, passes the equitable interest of the partnership, provided the act is one within the authority of the partner under the provisions of paragraph 1 of section 9;

(5) Where the title to real property is in the names of all the partners a conveyance executed by all the partners passes all their rights in such property.

History: 1917, Act 72, Eff. Aug. 10, 1917 ;-- CL 1929, 9850 ;-- CL 1948, 449.10

449.11 Partnership; effect of admission of partner.

Sec. 11.

(Partnership bound by admission of partner). An admission or representation made by any partner concerning partnership affairs within the scope of his authority as conferred by this act is evidence against the partnership.

History: 1917, Act 72, Eff. Aug. 10, 1917 ;-- CL 1929, 9851 ;-- CL 1948, 449.11

449.12 Partnership; effect of knowledge of or notice to partner.

Sec. 12.

(Partnership charged with knowledge of or notice to partner). Notice to any partner of any matter relating to partnership affairs, and the knowledge of the partner acting in the particular matter, acquired while a partner or then present to his mind, and the knowledge of any other partner who reasonably could and should have communicated it to the acting partner, operate as notice to or knowledge of the partnership, except in the case of a fraud on the partnership committed by or with the consent of that partner.

History: 1917, Act 72, Eff. Aug. 10, 1917 ;-- CL 1929, 9852 ;-- CL 1948, 449.12

449.13 Partnership; liability for wrongful acts of partner.

Sec. 13.

(Partnership bound by partner's wrongful act). Where, by any wrongful act or omission of any partner acting in the ordinary course of the business or the partnership, or with the authority of his copartners, loss or injury is caused to any person, not being a partner in the partnership, or any penalty is incurred, the partnership is liable therefor to the same extent as the partner so acting or omitting to act.

History: 1917, Act 72, Eff. Aug. 10, 1917 ;-- CL 1929, 9853 ;-- CL 1948, 449.13

449.14 Partnership; effect of partner's breach of trust.

Sec. 14.

(Partnership bound by partner's breach of trust). The partnership is bound to make good the loss:

(a) Where 1 partner acting within the scope of his apparent authority receives money or property of a third person and misapplies it; and

(b) Where the partnership in the course of its business receives money or property of a third person and the money or property so received is misapplied by any partner while it is in the custody of the partnership.

History: 1917, Act 72, Eff. Aug. 10, 1917 ;-- CL 1929, 9854 ;-- CL 1948, 449.14

449.15 Partners; joint and severable liability.

Sec. 15.

(Nature of partner's liability). Except as otherwise provided by section 46, all partners are liable for both of the following:

- (a) Jointly and severally for everything chargeable to the partnership under sections 13 and 14.
- (b) Jointly for all other debts and obligations of the partnership. However, a partner may enter into a separate obligation to perform a partnership contract.

History: 1917, Act 72, Eff. Aug. 10, 1917 ;-- CL 1929, 9855 ;-- CL 1948, 449.15 ;-- Am. 1994, Act 323, Imd. Eff. Oct. 12, 1994

449.16 Partnership by estoppel; liability.

Sec. 16.

(Partner by estoppel).

(1) When a person, by words spoken or written or by conduct, represents himself, or consents to another representing him to any one, as a partner in an existing partnership or with 1 or more persons not actual partners, he is liable to any such person to whom such representation has been made, who has on the faith of such representation, given credit to the actual or apparent partnership, and if he has made such representation or consented to its being made in a public manner he is liable to such person, whether the representation has or has not been made or communicated to such person, so giving credit by or with the knowledge of the apparent partner making the representation or consenting to its being made;

(a) When a partnership liability results, he is liable as though he were an actual member of the partnership,

(b) When no partnership liability results, he is liable jointly with the other persons, if any, so consenting to the contract or representation as to incur liability, otherwise separately;

(2) When a person has been thus represented to be a partner in an existing partnership, or with 1 or more persons not actual partners, he is an agent of the persons consenting to such representation to bind them to the same extent and in the same manner as though he were a partner in fact, with respect to persons who rely upon the representation. Where all the members of the existing partnership consent to the representation, a partnership act or obligation results; but in all other cases it is the joint act or obligation of the person acting and the persons consenting to the representation.

History: 1917, Act 72, Eff. Aug. 10, 1917 ;-- CL 1929, 9856 ;-- CL 1948, 449.16

449.17 Incoming partner; liability.

Sec. 17.

(Liability of incoming partner). A person admitted as a partner into an existing partnership is liable for all the obligations of the partnership arising before his admission as though he had been a partner when such obligations were incurred, except that this liability shall be satisfied only out of partnership property.

History: 1917, Act 72, Eff. Aug. 10, 1917 ;-- CL 1929, 9857 ;-- CL 1948, 449.17