

CHAPTER 45-17

TRANSFEREES AND CREDITORS OF PARTNER

45-17-01. (501) Partner not co-owner of partnership property.

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.

45-17-02. (502) Partner's transferable interest in partnership.

The only transferable interest of a partner in the partnership is the partner's share of the profits and losses of the partnership and the partner's right to receive distributions. The interest is personal property.

45-17-03. (503) Transfer of partner's transferable interest.

1. A transfer, in whole or in part, of a partner's transferable interest in the partnership:
 - a. Is permissible;
 - b. Does not by itself cause the partner's dissociation or a dissolution and winding up of the partnership business; and
 - c. Does not, as against the other partners or the partnership, entitle the transferee, during the continuance of the partnership, to participate in the management or conduct of the partnership business, to require access to information concerning partnership transactions, or to inspect or copy the partnership books or records.
2. A transferee of a partner's transferable interest in the partnership has a right:
 - a. To receive, in accordance with the transfer, distributions to which the transferor would otherwise be entitled;
 - b. To receive upon the dissolution and winding up of the partnership business, in accordance with the transfer, the net amount otherwise distributable to the transferor; and
 - c. To seek under subsection 6 of section 45-20-01 a judicial determination that it is equitable to wind up the partnership business.
3. In a dissolution and winding up, a transferee is entitled to an account of partnership transactions only from the date of the latest account agreed to by all of the partners.
4. Upon transfer, the transferor retains the rights and duties of a partner other than the interest in distributions transferred.
5. A partnership need not give effect to a transferee's rights under this section until it has notice of the transfer.
6. A transfer of a partner's transferable interest in the partnership in violation of a restriction on transfer contained in the partnership agreement is ineffective as to a person having notice of the restriction at the time of transfer.

45-17-04. (504) Partner's transferable interest subject to charging order.

1. On application by a judgment creditor of a partner or of a partner's transferee and following notice to the partnership of such application, a court having jurisdiction may enter a charging order against the transferable interest of the judgment debtor for the unsatisfied amount of the judgment.
2. A charging order constitutes a lien on the transferable interest of a judgment debtor and requires the partnership to pay over to the person to which the charging order was issued any distribution that would otherwise be paid to the judgment debtor.
3. The partner or transferee whose transferable interest is subject to a charging order may extinguish the charging order by satisfying the judgment and filing a certified copy of the satisfaction with the court that issued the order.
4. At any time before extinguishment under subsection 3, a partnership or one or more partners whose transferable interest are not subject to the charging order may pay the full amount due under the judgment to the judgment creditor and succeed to the rights of the judgment creditor, including the charging order.

5. Chapters 45-13 through 45-21 do not deprive a partner of a right under exemption laws with respect to the partner's interest in the partnership.
6. This section provides the exclusive remedy by which a person seeking to enforce a judgment against a partner or transferee may satisfy, in the capacity of a judgment creditor, the judgment from the transferable interest of the judgment debtor.
 - a. No other remedy, including foreclosure of the transferable interest or a court order for directions, accounts, and inquiries the debtor partner might have made, is available to the judgment creditor attempting to satisfy the judgment out of the judgment debtor's interest in the partnership.
 - b. No creditor of a partner or transferee has any right to obtain possession of or otherwise exercise legal or equitable remedies to a property of the partnership.