

362.1-703 Dissociated partner's liability to other persons.

- (1) A partner's dissociation does not of itself discharge the partner's liability for a partnership obligation incurred before dissociation. A dissociated partner is not liable for a partnership obligation incurred after dissociation, except as otherwise provided in subsection (2) of this section.
- (2) A partner who dissociates without resulting in a dissolution and winding up of the partnership business is liable as a partner to the other party in a transaction entered into by the partnership, or a surviving partnership under KRS 362.1-901 to 362.1-908, within two (2) years after the partner's dissociation, only if the partner is liable for the obligation under KRS 362.1-306 and at the time of entering into the transaction the other party:
 - (a) Reasonably believed that the dissociated partner was then a partner;
 - (b) Did not have notice of the partner's dissociation; and
 - (c) Is not deemed to have knowledge under KRS 362.1-303(5) or notice under KRS 362.1-704(3).
- (3) By agreement with the partnership creditor and the partners continuing the business, a dissociated partner may be released from liability for a partnership obligation.
- (4) A dissociated partner is released from liability for a partnership obligation if a partnership creditor, with notice of the partner's dissociation but without the partner's consent, agrees to a material alteration in the nature or time of payment of a partnership obligation.

Effective: July 12, 2006

History: Created 2006 Ky. Acts ch. 149, sec. 51, effective July 12, 2006.