

The background of the slide features a close-up, vertical view of a book's spine and its pages. The pages are aged and yellowed, with some text visible but mostly blurred. The text on the pages appears to be from a legal or historical document, with words like "first", "legal", "he", "ing", "th.", "ing", "pen", "said", "pare", "using", "title", and "me" being partially legible. The lighting is soft, creating a warm, scholarly atmosphere.

# Entity Review Part III

Partnerships

# The Four Types of Partnerships

1. General Partnership
2. Limited Partnership
3. Limited Liability Partnership
4. Limited Liability Limited Partnership

# Partnership Terms

## 1. General Partner

- a. Involved in management.
- b. Liable for the obligations of the partnership (does not need to guaranty).

## 2. Limited Partner

- a. Typically not involved in management (may have right to approve certain actions based on the partnership agreement).
- b. Not liable for the obligations of the partnership (other than investment in the partnership).

# General Partnership

1. A general partnership is not a separate legal entity from its partners.
2. All partners in a general partnership are liable for all of the liabilities of the general partnership (unlimited liability).
3. All of the partners are general partners; all have management authority.
4. Management authority can be delegated through a partnership agreement, but we will usually want to get approval from all of the general partners.

# General Partnership Cont.

1. A general partnership can take title to a property, but keep in mind that it is essentially a DBA for the general partners.
2. If we have a general partnership borrower, we will need a written partnership agreement and we will want approval from all the general partners.

# Limited Partnership

1. A limited partnership typically has at least one general partner and one limited partner.
  - a) A limited partnership must have at least one general partner, but sometimes it may not have any limited partners.
  - b) This situation (no limited partners) most commonly occurs when they are planning to sell interests in the partnership to limited partners later on.
2. General partners have management authority, but make sure to review the partnership agreement to see if the limited partners are required to approve the loan transaction.

# Limited Partnership Cont.

1. A limited partnership is a separate legal entity and is formed by filing a Certificate of Limited Partnership in the state of domicile.
2. You review limited partnerships for the same things as an LLC (state filings/COGS, purpose and term of existence, management authority, entity name reflected in formation document).

# Limited Liability Partnership

1. Typically used by law firms and other professionals (in some states only certain professions can form an LLP).
2. Formed by filing with the state.
3. Liability is limited to what a partner puts into the LLP (but liability can also vary by state).
4. All partners can participate in management, but the specifics are determined by the partnership agreement.



# Limited Liability Limited Partnership

1. The LLLP is a relatively new concept and is not available in all states.
2. An LLLP is formed by filing with the state.
3. Note: You cannot form an LLLP in California, but California does recognize foreign LLLPs.
4. General partners receive limited liability.

# Questions?

Thanks For Listening