

### **362.1-404 General standards of partner's conduct.**

- (1) The fiduciary duties a partner owes to the partnership and the other partners include the duty of loyalty and the duty of care set forth in subsections (2) and (3) of this section.
- (2) A partner's duty of loyalty to the partnership and the other partners includes, but is not limited to, the following:
  - (a) To account to the partnership and hold as trustee for it any property, profit, or benefit derived by the partner in the conduct and winding up of the partnership business or derived from a use by the partner of partnership property, including the appropriation of a partnership opportunity;
  - (b) To refrain from dealing with the partnership in the conduct or winding up of the partnership business as or on behalf of a party having an interest adverse to the partnership; and
  - (c) To refrain from competing with the partnership in the conduct of the partnership business before the dissolution of the partnership.
- (3) A partner's duty of care to the partnership and the other partners in the conduct and winding up of the partnership business includes, but is not limited to, acting with the care that a reasonable person in a like position would exercise under similar circumstances and in a manner that the partner believes to be in the best interests of the partnership.
- (4) A partner shall discharge the duties to the partnership and the other partners under this subchapter or under the partnership agreement and exercise any rights consistently with the obligation of good faith and fair dealing.
- (5) A partner does not violate a duty or obligation under this subchapter or under the partnership agreement merely because the partner's conduct furthers the partner's own interest. That a transaction was fair to the partnership shall not constitute a defense to the breach of the obligation in subsection (2) of this section.
- (6) A partner may lend money to, borrow money from, act as a surety, guarantor, or endorser for, guarantee or assume one (1) or more specific obligations of, provide collateral for and transact other business with the partnership, and as to each loan or transaction the rights and obligations of the partner are the same as those of a person who is not a partner, subject to other applicable law.
- (7) This section applies to a person winding up the partnership business as the personal or legal representative of the last surviving partner as if the person were a partner.

**Effective:** July 12, 2012

**History:** Amended 2012 Ky. Acts ch. 81, sec. 116, effective July 12, 2012. -- Created 2006 Ky. Acts ch. 149, sec. 39, effective July 12, 2006.