

**TITLE 4: ECONOMIC RESOURCES**  
**DIVISION 4: CORPORATIONS, PARTNERSHIPS AND ASSOCIATIONS**

**§ 40157. Dissociated Partner's Liability to Other Persons.**

(a) 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 (b).

(b) 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 article 9, within two years after the partner's dissociation, only if the partner is liable for the obligation under 4 CMC § 40126 and at the time of entering into the transaction the other party:

- (1) reasonably believed that the dissociated partner was then a partner;
- (2) did not have notice of the partner's dissociation; and
- (3) is not deemed to have had knowledge under 4 CMC § 40123(e) or notice under 4 CMC § 40158(c).

(c) By agreement with the partnership creditor and the partners continuing the business, a dissociated partner may be released from liability for a partnership obligation.

(d) 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.

**Source:** PL 15-88, § 2(703), modified.

**Commission Comment:** The Commission changed capitalization and PL 15-88 section references to corresponding code sections pursuant to 1 CMC § 3806(c) and (f).