

362.1-504 Partner's transferable interest subject to charging order.

- (1) This section provides the exclusive remedy by which the judgment creditor of a partner or the transferee of a partner may satisfy a judgment out of the judgment debtor's transferable interest.
- (2) On application to a court of competent jurisdiction by a judgment creditor of a partner or a partner's transferee, a court may charge the transferable interest of the judgment debtor with payment of the unsatisfied amount of the judgment. To the extent so charged, the judgment creditor has only the rights of a transferee and shall have no right to participate in the management of or to cause the dissolution of the partnership. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor in respect of the partnership and make all other orders, directions, accounts, and inquiries the judgment debtor might have made or which the circumstances of the case may require to give effect to the charging order.
- (3) A charging order constitutes a lien on and the right to receive distributions made with respect to the judgment debtor's transferable interest in the partnership.
- (4) The court may order a foreclosure of the interest subject to the charging order at any time. The purchaser at the foreclosure sale has the rights of a transferee. A charging order does not of itself constitute an assignment of the transferable interest.
- (5) At any time before foreclosure, an interest charged may be redeemed:
 - (a) By the judgment debtor;
 - (b) With property other than partnership property, by one (1) or more of the other partners; or
 - (c) With partnership property, by one (1) or more of the other partners with the consent of all of the partners whose interests are not so charged.
- (6) This subchapter does not deprive a partner or a partner's transferee of a right under exemption laws with respect to the partner's or transferee's interest in the partnership.
- (7) The partnership is not a necessary party to an application for a charging order. Service of the charging order on a partnership may be made by the court granting the charging order or as the court may otherwise direct.
- (8) This section shall not apply to the enforcement of a judgment by a partnership against a partner of that partnership.
- (9) This section shall apply to the issuance of a charging order against the interest of a partner or transferee of a partner of a foreign partnership.

Effective: June 29, 2017

History: Amended 2017 Ky. Acts ch. 193, sec. 18, effective June 29, 2017. -- Repealed and reenacted 2010 Ky. Acts ch. 51, sec. 149, effective July 15, 2010; and amended ch. 133, sec. 56, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 149, effective June 26, 2007. -- Created 2006 Ky. Acts ch. 149, sec. 45, effective July 12, 2006.

Legislative Research Commission Note (7/15/2010). 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby

made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."

Legislative Research Commission Note (7/15/2010). This section was amended by 2010 Ky. Acts ch. 133, and repealed and reenacted by 2010 Ky. Acts ch. 51. Pursuant to Section 184 of Acts ch. 51, it was the intent of the General Assembly that the repeal and reenactment not serve to void the amendment, and these Acts do not appear to be in conflict; therefore, they have been codified together.