6-07/220.30 Limited Liability Partnership

Accountants, attorneys, and architects may operate as a limited liability partnership (LLP), is a hybrid form of a general partnership and a corporation. The partners can all participate in management (as in a general partnership) and yet share only limited liability (as in a limited partnership). Architects, lawyers and accountants cannot operate as a limited liability company but, so long as they satisfy a statutory security for claims requirement, may register their general partnership as a limited liability partnership. A limited liability partnership is a general partnership of architects, attorneys or accountants that elects to be treated as a limited liability partnership by registering as such with the Secretary of State. (CORP 16951-16962) A limited liability partnership is preferable to a professional corporation because partners are protected from vicarious liability, can operate more informally and flexibly than in a corporation, and enjoy partnership tax benefits.

Each partner is liable only for his personal misconduct or guarantees. (CORP 16306(c)) However, the limited liability partnership must provide security for malpractice claims. (CORP 16956 (a))

Accounting limited liability partnerships may provide the necessary security as covered by CORP 16956 (a) (1) (A) – (D).

Law firm limited liability partnerships may provide the necessary security as covered by CORP 16956 (a) (2) (A) – (D).

Architect limited liability partnerships may provide the necessary security as covered by CORP 16956 (a) (3) (A) – (D).

A domestic partnership, other than a limited partnership, may convert to a registered limited liability partnership by the vote of the partners possessing a majority of the interests of its partners in the current profits of the partnership or by a different vote as may be required in its partnership agreement. (CORP 16955)

Conversion to a limited liability partnership will not provide partners retroactive relief from vicarious liability for any partnership debts or obligations incurred or arising out of events occurring prior to attaining Limited liability partnership status. (CORP 16306)

A limited liability partnership registers by filing a written statement with the Secretary of State setting forth the name and principal office address of the partnership, the name and address of its agent for service of process in California, a brief statement of the partnership business, and a statement that the partnership is registering as a registered limited liability partnership. (CORP 16953)

A registered limited liability partnership need not comply with the fictitious business name statute, but must include "limited liability partnership" or another acceptable limited liability partnership designation as the last words or letters of its name. (CORP 16952, 16961, BPC 17900)