



Ohio Revised Code

Section 1776.24 Partner contributions - penalties for failure to contribute.

Effective: August 6, 2008

Legislation: House Bill 332 - 127th General Assembly

(A) The contribution of a partner may be in cash, property, or services rendered, or a promissory note or other obligation to contribute cash or property or to perform services.

(B) A partner is obligated to the partnership to perform any promise to contribute cash, property, or services even if the partner is unable to perform because of death, disability, or any other reason. If a partner does not make the required contribution of property or services, the partner is obligated, at the option of the partnership, to contribute cash equal to the value of the contribution that has not been made. The foregoing option is in addition to, and not in lieu of, any other rights, including the right to specific performance, that the partnership may have against a partner under the partnership agreement or applicable law.

(C) A partnership agreement may provide that the partnership interest of any partner who fails to make any required contribution is subject to specified penalties for, or specified consequences of, that failure. The penalty or consequence may take the form of reducing or eliminating the defaulting partner's interest in the partnership, subordinating the partner's partnership interest to that of nondefaulting partners, a forced sale of the partner's partnership interest, forfeiture of the partner's partnership interest, the lending by other partners of the amount necessary to meet the partner's commitment, a fixing of the value of the partner's partnership interest by appraisal or by formula and the redemption or sale of the partner's partnership interest at that value, or any other penalty or consequence.
