

GUARANTY, INDEMNITY, AND SURETYSHIP

CHAPTER 246

SENATE BILL NO. 2429
(Senators Krebsbach, Keller)
(Representatives Clayburgh, Nelson)

PARTNER AND STOCKHOLDER DEBT GUARANTY

AN ACT to amend and reenact subsection 1 of section 22-01-01, sections 22-01-12, and 45-06-07 of the North Dakota Century Code, relating to the guaranty and enforcement of debt by stockholders and partners of business entities.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 1 of section 22-01-01 of the North Dakota Century Code is amended and reenacted as follows:

1. A "continuing guaranty" means a guaranty relating to a future liability of the principal under successive transactions which either continue ~~his~~ the liability or from time to time renew it after it has been satisfied.

SECTION 2. AMENDMENT. Section 22-01-12 of the North Dakota Century Code is amended and reenacted as follows:

22-01-12. Limitations upon obligation of guarantor. The obligation of a guarantor must be neither larger in amount, nor in other respects more burdensome, than that of the principal. A stockholder or partner of any entity, including a limited liability company, business corporation, professional corporation, and partnership, may enter into a separate contract of guaranty for the real estate mortgage debt of the entity. If in its terms the obligation exceeds that of the principal, the obligation is reducible in proportion to the principal obligation.

SECTION 3. AMENDMENT. Section 45-06-07 of the North Dakota Century Code is amended and reenacted as follows:

45-06-07. Nature of partner's liability.

1. All partners are liable:
 - 1- a. Jointly and severally for everything chargeable to the partnership under sections 45-06-05 and 45-06-06-; and
 - 2- b. Jointly for all other debts and obligations of the partnership; but any partner may enter into a separate obligation to perform a partnership contract.
2. A partner is severally liable for a partnership real estate mortgage debt for which that partner has given a separate guaranty to a lender.

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