

1-1 By: Hancock S.B. No. 1969
1-2 (In the Senate - Filed March 7, 2019; March 19, 2019, read
1-3 first time and referred to Committee on Business & Commerce;
1-4 April 24, 2019, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 24, 2019,
1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 1969 By: Hancock

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to ratification of defective corporate acts of nonprofit
1-22 corporations; authorizing a fee.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Chapter 22, Business Organizations Code, is
1-25 amended by adding Subchapter J to read as follows:

1-26 SUBCHAPTER J. RATIFICATION OF DEFECTIVE CORPORATE ACTS;
1-27 PROCEEDINGS

1-28 Sec. 22.501. DEFINITIONS. In this subchapter:

1-29 (1) "Corporate statute," with respect to an action or
1-30 filing, means this code, the former Texas Non-Profit Corporation
1-31 Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes), or
1-32 any predecessor statute of this state that governed the action or
1-33 the filing.

1-34 (2) "Defective corporate act" means:

1-35 (A) an election or appointment of directors that
1-36 is void or voidable due to a failure of authorization; or

1-37 (B) any act or transaction purportedly taken by
1-38 or on behalf of the corporation that is, and at the time the act or
1-39 transaction was purportedly taken would have been, within the power
1-40 of a corporation to take under the corporate statute, but is void or
1-41 voidable due to a failure of authorization.

1-42 (3) "District court" means a district court in:

1-43 (A) the county in which the corporation's
1-44 principal office in this state is located; or

1-45 (B) the county in which the corporation's
1-46 registered office in this state is located, if the corporation does
1-47 not have a principal office in this state.

1-48 (4) "Failure of authorization" means:

1-49 (A) the failure to authorize or effect an act or
1-50 transaction in compliance with the provisions of the corporate
1-51 statute, the governing documents of the corporation, a corporate
1-52 resolution, or any plan or agreement to which the corporation is a
1-53 party, if and to the extent the failure would render the act or
1-54 transaction void or voidable; or

1-55 (B) the failure of the board of directors or an
1-56 officer of the corporation to authorize or approve an act or
1-57 transaction taken by or on behalf of the corporation that required
1-58 the prior authorization or approval of the board of directors or the
1-59 officer.

1-60 (5) "Time of the defective corporate act" means the

2-1 date and time the defective corporate act was purported to have been
2-2 taken or the approximate date and time, if the exact date is
2-3 unknown.

2-4 (6) "Validation effective time" or "effective time of
2-5 the validation," with respect to any defective corporate act
2-6 ratified under this subchapter, means the latest of:

2-7 (A) the time at which the defective corporate act
2-8 submitted to the members for approval under Section 22.505 is
2-9 approved by the members or, if the corporation has no members or has
2-10 no members with voting rights or if no member approval is required,
2-11 the time at which the board of directors adopts the resolutions
2-12 required by Section 22.503;

2-13 (B) if a certificate of validation is not
2-14 required to be filed under Section 22.508, the time, if any,
2-15 specified by the board of directors or the members in the
2-16 resolutions adopted under Section 22.503, which may not precede the
2-17 time at which the resolutions are adopted; or

2-18 (C) the time at which any certificate of
2-19 validation filed under Section 22.508 takes effect in accordance
2-20 with Chapter 4.

2-21 Sec. 22.502. RATIFICATION OF DEFECTIVE CORPORATE ACT.
2-22 Subject to Section 22.509, a defective corporate act is not void or
2-23 voidable solely as a result of a failure of authorization if the act
2-24 is:

2-25 (1) ratified in accordance with this subchapter; or

2-26 (2) validated by the district court in a proceeding
2-27 brought under Section 22.512.

2-28 Sec. 22.503. RATIFICATION OF DEFECTIVE CORPORATE ACT;
2-29 ADOPTION OF RESOLUTIONS. (a) To ratify one or more defective
2-30 corporate acts, the board of directors of the corporation shall
2-31 adopt resolutions stating:

2-32 (1) the defective corporate act or acts to be
2-33 ratified;

2-34 (2) the date of each defective corporate act;

2-35 (3) the nature of the failure of authorization with
2-36 respect to each defective corporate act to be ratified; and

2-37 (4) that the board of directors approves the
2-38 ratification of the defective corporate act or acts.

2-39 (b) If the corporation has members with voting rights, a
2-40 resolution may also state that, notwithstanding member approval of
2-41 the ratification of a defective corporate act that is a subject of
2-42 the resolution, the board of directors may, with respect to the
2-43 defective corporate act, abandon the ratification of the defective
2-44 corporate act at any time before the validation effective time
2-45 without further member action.

2-46 (c) If the management of the affairs of the corporation is
2-47 vested in its members under Section 22.202, the members of the
2-48 corporation shall adopt resolutions stating:

2-49 (1) the defective corporate act or acts to be
2-50 ratified;

2-51 (2) the date of each defective corporate act;

2-52 (3) the nature of the failure of authorization with
2-53 respect to each corporate act to be ratified; and

2-54 (4) that the members approve the ratification of the
2-55 defective corporate act or acts.

2-56 Sec. 22.504. QUORUM AND VOTING REQUIREMENTS FOR ADOPTION OF
2-57 RESOLUTIONS. (a) The quorum and voting requirements applicable to
2-58 the adoption of the resolutions to ratify a defective corporate act
2-59 under Section 22.503 are the same as the quorum and voting
2-60 requirements applicable at the time of the adoption of the
2-61 resolutions for the type of defective corporate act proposed to be
2-62 ratified.

2-63 (b) Notwithstanding Subsection (a) and except as provided
2-64 by Subsection (c), if in order for a quorum to be present or to
2-65 approve the defective corporate act, the presence or approval of a
2-66 larger number or portion of the governing authority would have been
2-67 required by the governing documents of the corporation, any plan or
2-68 agreement to which the corporation was a party, or any provision of
2-69 the corporate statute, each as in effect at the time of the

3-1 defective corporate act, then the presence or approval of the
3-2 larger number or portion of such governing authority must be
3-3 required for a quorum to be present or to adopt the resolutions to
3-4 ratify the defective corporate act, as applicable.

3-5 (c) If the corporation has members with voting rights or if
3-6 the corporation had members with voting rights at the time of the
3-7 taking of the defective corporate act, the presence or approval of
3-8 any director elected, appointed, or nominated by a class of members
3-9 that no longer exists, or by any person that is no longer a member,
3-10 shall not be required for a quorum to be present or to adopt the
3-11 resolutions.

3-12 Sec. 22.505. APPROVAL OF RATIFIED DEFECTIVE CORPORATE ACT
3-13 BY MEMBERS WITH VOTING RIGHTS REQUIRED; EXCEPTION. If the
3-14 corporation has members with voting rights, each defective
3-15 corporate act ratified under Section 22.503(a) must be submitted to
3-16 such members of the corporation for approval as provided by
3-17 Sections 22.506 and 22.507, unless no other provision of the
3-18 corporate statute, no provision of the corporation's governing
3-19 documents, and no provision of any plan or agreement to which the
3-20 corporation is a party would have required approval by such members
3-21 of:

3-22 (1) the defective corporate act to be ratified at the
3-23 time of that defective corporate act; or

3-24 (2) the type of defective corporate act to be ratified
3-25 at the time the board of directors adopts the resolutions ratifying
3-26 that defective corporate act under Section 22.503.

3-27 Sec. 22.506. NOTICE REQUIREMENTS FOR RATIFIED DEFECTIVE
3-28 CORPORATE ACT SUBMITTED FOR APPROVAL OF MEMBERS WITH VOTING RIGHTS.

3-29 (a) If a corporation has members with voting rights and if the
3-30 ratification of a defective corporate act is required to be
3-31 submitted to such members for approval under Section 22.505, notice
3-32 of the time, place, if any, and purpose of the meeting shall be
3-33 given at least 20 days before the date of the meeting to:

3-34 (1) each member with voting rights as of the record
3-35 date of the meeting, at the address of the member as it appears or
3-36 most recently appeared, as appropriate, on the corporation's
3-37 records; and

3-38 (2) each member with voting rights as of the time of
3-39 the defective corporate act, except that notice is not required to
3-40 be given to a member whose identity or address cannot be ascertained
3-41 from the corporation's records.

3-42 (b) The notice must contain:

3-43 (1) copies of the resolutions adopted by the board of
3-44 directors under Section 22.503 or the information required by
3-45 Sections 22.503(a)(1)-(4); and

3-46 (2) a statement that, on member approval of the
3-47 ratification of the defective corporate act made in accordance with
3-48 this subchapter, the member's right to challenge the defective
3-49 corporate act is limited to an action claiming that a court of
3-50 appropriate jurisdiction, in its discretion, should declare:

3-51 (A) that the ratification not take effect or that
3-52 it take effect only on certain conditions, if that action is filed
3-53 with the court not later than the 120th day after the applicable
3-54 validation effective time; or

3-55 (B) that the ratification was not accomplished in
3-56 accordance with this subchapter.

3-57 Sec. 22.507. QUORUM AND VOTING FOR APPROVAL OF RATIFIED
3-58 DEFECTIVE CORPORATE ACT AT MEETING OF MEMBERS WITH VOTING RIGHTS.

3-59 (a) If the corporation has members with voting rights, at the
3-60 meeting of such members, the quorum and voting requirements
3-61 applicable to the approval of the ratification of a defective
3-62 corporate act under Section 22.505 are the same as the quorum and
3-63 voting requirements applicable at the time of the approval by the
3-64 members of the ratification for the type of ratified defective
3-65 corporate act proposed to be approved, except as provided by this
3-66 section.

3-67 (b) If the presence or approval of a larger number of
3-68 members or of any class of members would have been required for a
3-69 quorum to be present or to approve the defective corporate act, as

4-1 applicable, by the corporation's governing documents, any plan or
 4-2 agreement to which the corporation was a party, or any provision of
 4-3 the corporate statute, each as in effect at the time of the
 4-4 defective corporate act, then the presence or approval of the
 4-5 larger number of members or of the class of members shall be
 4-6 required for a quorum to be present or to approve the ratification
 4-7 of the defective corporate act, as applicable, except that the
 4-8 presence or approval of any class that is no longer in existence or
 4-9 has no members, or of any person that is no longer a member with
 4-10 voting rights, is not required.

4-11 (c) The approval by the members with voting rights of the
 4-12 ratification of the election of a director requires the affirmative
 4-13 vote of the majority of members present at the meeting and entitled
 4-14 to vote on the election of the director at the time of the approval,
 4-15 unless the governing documents of the corporation then in effect or
 4-16 in effect at the time of the defective election require or required
 4-17 a larger number of members with voting rights or of any class of
 4-18 members with voting rights to elect the director, in which case the
 4-19 affirmative vote of the larger number of members or of the class of
 4-20 members is required to ratify the election of the director, except
 4-21 that the presence or approval of any class that is no longer in
 4-22 existence or has no members, or of any person that is no longer a
 4-23 member with voting rights, is not required.

4-24 Sec. 22.508. CERTIFICATE OF VALIDATION. (a) If a
 4-25 defective corporate act ratified under this subchapter would have
 4-26 required under any other provision of the corporate statute the
 4-27 filing of a filing instrument or other document with the filing
 4-28 officer, the corporation shall file a certificate of validation
 4-29 with respect to the defective corporate act in accordance with
 4-30 Chapter 4, regardless of whether a filing instrument or other
 4-31 document was previously filed with respect to the defective
 4-32 corporate act. The filing of another filing instrument or document
 4-33 is not required.

4-34 (b) A separate certificate of validation is required for
 4-35 each defective corporate act for which a certificate of validation
 4-36 is required under this section, except that two or more defective
 4-37 corporate acts may be included in a single certificate of
 4-38 validation if the corporation filed, or to comply with the
 4-39 applicable provisions of this code could have filed, a single
 4-40 filing instrument or other document under another provision of this
 4-41 code to effect the acts.

4-42 (c) The certificate of validation must include:

4-43 (1) each defective corporate act that is a subject of
 4-44 the certificate of validation, including:

4-45 (A) the date of the defective corporate act; and

4-46 (B) the nature of the failure of authorization
 4-47 with respect to the defective corporate act;

4-48 (2) a statement that each defective corporate act was
 4-49 ratified in accordance with this subchapter, including:

4-50 (A) the date on which the board of directors
 4-51 ratified each defective corporate act; and

4-52 (B) if the corporation has members with voting
 4-53 rights, the date, if any, on which the members approved the
 4-54 ratification of each defective corporate act or, if the management
 4-55 of the affairs of the corporation is vested in its members under
 4-56 Section 22.202, the date on which the members ratified each
 4-57 defective corporate act; and

4-58 (3) as appropriate:

4-59 (A) if a filing instrument was previously filed
 4-60 with a filing officer under the corporate statute with respect to
 4-61 the defective corporate act and no change to the filing instrument
 4-62 is required to give effect to the defective corporate act as
 4-63 ratified in accordance with this subchapter:

4-64 (i) the name, title, and filing date of the
 4-65 previously filed filing instrument and of any certificate of
 4-66 correction to the filing instrument; and

4-67 (ii) a statement that a copy of the
 4-68 previously filed filing instrument, together with any certificate
 4-69 of correction to the filing instrument, is attached as an exhibit to

5-1 the certificate of validation;

5-2 (B) if a filing instrument was previously filed
 5-3 with a filing officer under the corporate statute with respect to
 5-4 the defective corporate act and the filing instrument requires any
 5-5 change to give effect to the defective corporate act as ratified in
 5-6 accordance with this subchapter, including a change to the date and
 5-7 time of the effectiveness of the filing instrument:

5-8 (i) the name, title, and filing date of the
 5-9 previously filed filing instrument and of any certificate of
 5-10 correction to the filing instrument;

5-11 (ii) a statement that a filing instrument
 5-12 containing all the information required to be included under the
 5-13 applicable provisions of this code to give effect to the ratified
 5-14 defective corporate act is attached as an exhibit to the
 5-15 certificate of validation; and

5-16 (iii) the date and time that the attached
 5-17 filing instrument is considered to have become effective under this
 5-18 subchapter; or

5-19 (C) if a filing instrument was not previously
 5-20 filed with a filing officer under the corporate statute with
 5-21 respect to the defective corporate act and the defective corporate
 5-22 act as ratified under this subchapter would have required under the
 5-23 other applicable provisions of this code the filing of a filing
 5-24 instrument in accordance with Chapter 4, if the defective corporate
 5-25 act had occurred when this code was in effect:

5-26 (i) a statement that a filing instrument
 5-27 containing all the information required to be included under the
 5-28 applicable provisions of this code to give effect to the defective
 5-29 corporate act, as if the defective corporate act had occurred when
 5-30 this code was in effect, is attached as an exhibit to the
 5-31 certificate of validation; and

5-32 (ii) the date and time that the attached
 5-33 filing instrument is considered to have become effective under this
 5-34 subchapter.

5-35 (d) A filing instrument attached to a certificate of
 5-36 validation under Subsection (c)(3)(B) or (C) does not need to be
 5-37 executed separately and does not need to include any statement
 5-38 required by any other provision of this code that the instrument has
 5-39 been approved and adopted in accordance with that provision.

5-40 Sec. 22.509. ADOPTION OF RESOLUTIONS; EFFECT ON DEFECTIVE
 5-41 CORPORATE ACT. On or after the validation effective time, unless
 5-42 determined otherwise in an action brought under Section 22.512,
 5-43 each defective corporate act ratified in accordance with this
 5-44 subchapter may not be considered void or voidable as a result of the
 5-45 failure of authorization described by the resolutions adopted under
 5-46 Sections 22.503 and 22.504, and the effect shall be retroactive to
 5-47 the time of the defective corporate act.

5-48 Sec. 22.510. NOTICE TO MEMBERS FOLLOWING RATIFICATION OF
 5-49 DEFECTIVE CORPORATE ACT. (a) If the management of the affairs of a
 5-50 corporation is vested in its members under Section 22.202 or if a
 5-51 corporation has members with voting rights, for each defective
 5-52 corporate act ratified by the governing authority under Sections
 5-53 22.503 and 22.504, notice of the ratification shall be given
 5-54 promptly to:

5-55 (1) each member having voting rights as of the date the
 5-56 governing authority adopted the resolutions ratifying the
 5-57 defective corporate act; or

5-58 (2) each member having voting rights as of a date not
 5-59 later than the 60th day after the date of adoption, as established
 5-60 by the governing authority.

5-61 (b) Notice under this section shall be sent to the address
 5-62 of a member described by Subsection (a)(1) or (a)(2) as the address
 5-63 appears or most recently appeared, as appropriate, on the records
 5-64 of the corporation.

5-65 (c) Notice under this section shall also be given to each
 5-66 member having voting rights as of the time of the defective
 5-67 corporate act, except that notice is not required to be given to a
 5-68 member whose identity or address cannot be ascertained from the
 5-69 corporation's records.

6-1 (d) The notice must contain:
 6-2 (1) copies of the resolutions adopted by the governing
 6-3 authority under Section 22.503 or the information required by
 6-4 Sections 22.503(a)(1)-(4) or 22.503(c)(1)-(4), as applicable; and
 6-5 (2) a statement that, on ratification of the defective
 6-6 corporate act made in accordance with this subchapter, the member's
 6-7 right to challenge the defective corporate act is limited to an
 6-8 action claiming that a court of appropriate jurisdiction, in its
 6-9 discretion, should declare:

6-10 (A) that the ratification not take effect or that
 6-11 it take effect only on certain conditions, if the action is filed
 6-12 not later than the 120th day after the later of the applicable
 6-13 validation effective time or the time at which the notice required
 6-14 by this section is given; or

6-15 (B) that the ratification was not accomplished in
 6-16 accordance with this subchapter.

6-17 (e) Notwithstanding Subsections (a)-(d), notice is not
 6-18 required to be given under this section to a person if notice of the
 6-19 ratification of the defective corporate act is given to that person
 6-20 in accordance with Section 22.506.

6-21 (f) For purposes of Sections 22.505, 22.506, and 22.507 and
 6-22 this section, notice to members with voting rights as of the time of
 6-23 the defective corporate act shall be treated as notice to such
 6-24 members for purposes of Sections 6.051, 6.052, 6.053, 6.201, 6.202,
 6-25 6.203, 6.204, 6.205, and 22.156.

6-26 (g) If the ratification of a defective corporate act has
 6-27 been approved by the members acting under Section 6.202, the notice
 6-28 required by this section may be included in any notice required to
 6-29 be given under Section 6.202(d) and, if included:

6-30 (1) shall be sent to the members entitled to the notice
 6-31 under Section 6.202(d) and all other members otherwise entitled to
 6-32 the notice under Subsection (a); and

6-33 (2) is not required to be sent to members who signed a
 6-34 consent described by Section 6.202(b).

6-35 Sec. 22.511. RATIFICATION PROCEDURES OR COURT PROCEEDINGS
 6-36 CONCERNING VALIDATION NOT EXCLUSIVE. (a) Ratification of an act
 6-37 or transaction under this subchapter or validation of an act or
 6-38 transaction as provided by Sections 22.512 through 22.515 is not
 6-39 the exclusive means of ratifying or validating any act or
 6-40 transaction taken by or on behalf of the corporation, including any
 6-41 defective corporate act, or of adopting or endorsing any act or
 6-42 transaction taken by or in the name of the corporation before the
 6-43 corporation exists.

6-44 (b) The absence or failure of ratification of an act or
 6-45 transaction in accordance with this subchapter or of validation of
 6-46 an act or transaction as provided by Sections 22.512 through 22.515
 6-47 does not, of itself, affect the validity or effectiveness of any act
 6-48 or transaction properly ratified under common law or otherwise, nor
 6-49 does it create a presumption that any such act or transaction is or
 6-50 was a defective corporate act.

6-51 Sec. 22.512. PROCEEDING REGARDING VALIDITY OF DEFECTIVE
 6-52 CORPORATE ACTS. (a) The following may bring an action under this
 6-53 section:

6-54 (1) the corporation;

6-55 (2) any successor entity to the corporation;

6-56 (3) any member of the corporation's board of directors
 6-57 or other person having fiduciary responsibility in relation to the
 6-58 actions of the corporation;

6-59 (4) any member with voting rights; or

6-60 (5) any record member with voting rights as of the time
 6-61 a defective corporate act was ratified in accordance with this
 6-62 subchapter.

6-63 (b) Subject to Section 22.515, the district court, on
 6-64 application by a person described by Subsection (a), may:

6-65 (1) determine the validity and effectiveness of any
 6-66 defective corporate act ratified in accordance with this
 6-67 subchapter;

6-68 (2) determine the validity and effectiveness of the
 6-69 ratification of any defective corporate act in accordance with this

7-1 subchapter;
7-2 (3) determine the validity and effectiveness of:
7-3 (A) any defective corporate act not ratified
7-4 under this subchapter; or
7-5 (B) any defective corporate act not ratified
7-6 effectively under this subchapter;
7-7 (4) determine the validity of any corporate act or
7-8 transaction; and
7-9 (5) modify or waive any of the procedures set forth in
7-10 Sections 22.501 through 22.511 to ratify a defective corporate act.
7-11 (c) In connection with an action brought under this section,
7-12 the district court may:
7-13 (1) declare that a ratification in accordance with and
7-14 pursuant to this subchapter is not effective or that the
7-15 ratification is effective only at a time or on conditions as
7-16 specified by the district court;
7-17 (2) validate and declare effective any defective
7-18 corporate act and impose conditions on such a validation;
7-19 (3) require measures to remedy or avoid harm to any
7-20 person substantially and adversely affected by a ratification under
7-21 this subchapter or from any order of the district court pursuant to
7-22 this section, excluding any harm that would have resulted had the
7-23 defective corporate act been valid when approved or effectuated;
7-24 (4) order the filing officer to accept for filing an
7-25 instrument with an effective date and time as specified by the
7-26 court, which may be before or subsequent to the time of the order;
7-27 (5) if the corporation has members with voting rights,
7-28 order that a meeting of such members be held and determine the right
7-29 and power of persons to vote at the meeting;
7-30 (6) declare that a defective corporate act validated
7-31 by the court is effective as of the time of the defective corporate
7-32 act or at such other time as determined by the court; and
7-33 (7) make any other order regarding such matters as the
7-34 court considers appropriate under the circumstances.
7-35 (d) In connection with the resolution of matters under
7-36 Subsections (b) and (c), the district court may consider:
7-37 (1) whether the defective corporate act was originally
7-38 approved or effectuated with the belief that the approval or
7-39 effectuation was in compliance with the provisions of the corporate
7-40 statute or the governing documents of the corporation;
7-41 (2) whether the corporation and the corporation's
7-42 board of directors have treated the defective corporate act as a
7-43 valid act or transaction and whether any person has acted in
7-44 reliance on the public record that the defective corporate act was
7-45 valid;
7-46 (3) whether any person will be or was harmed by the
7-47 ratification or validation of the defective corporate act,
7-48 excluding any harm that would have resulted had the defective
7-49 corporate act been valid when it was approved or took effect;
7-50 (4) whether any person will be harmed by the failure to
7-51 ratify or validate the defective corporate act; and
7-52 (5) any other factors or considerations the district
7-53 court considers just and equitable.
7-54 Sec. 22.513. EXCLUSIVE JURISDICTION. The district court
7-55 has exclusive jurisdiction to hear and determine any action brought
7-56 under Section 22.512.
7-57 Sec. 22.514. SERVICE. (a) Service of an application filed
7-58 under Section 22.512 on the registered agent of a corporation or in
7-59 any other manner permitted by applicable law is considered to be
7-60 service on the corporation, and no other party need be joined in
7-61 order for the district court to adjudicate the matter.
7-62 (b) If an action is brought by a corporation under Section
7-63 22.512, the district court may require that notice of the action be
7-64 provided to other persons identified by the court and permit those
7-65 other persons to intervene in the action.
7-66 Sec. 22.515. STATUTE OF LIMITATIONS. (a) This section
7-67 does not apply to:
7-68 (1) an action asserting that a ratification was not
7-69 accomplished in accordance with this subchapter; or

8-1 (2) any person to whom notice of the ratification was
8-2 not given as required by Sections 22.506 and 22.510.

8-3 (b) Notwithstanding any other provision of this subchapter:

8-4 (1) an action claiming that a defective corporate act
8-5 is void or voidable due to a failure of authorization identified in
8-6 the resolutions adopted in accordance with Section 22.503 may not
8-7 be filed in or must be dismissed by any court after the applicable
8-8 validation effective time; and

8-9 (2) an action claiming that a court of appropriate
8-10 jurisdiction, in its discretion, should declare that a ratification
8-11 in accordance with this subchapter not take effect or that the
8-12 ratification take effect only on certain conditions may not be
8-13 filed with the court after the expiration of the 120th day after the
8-14 later of the validation effective time or the time that any notice
8-15 required to be given under Section 22.510 is given with respect to
8-16 the ratification.

8-17 (c) Except as otherwise provided by a corporation's
8-18 governing documents, for purposes of this section, notice under
8-19 Section 22.510 that is:

8-20 (1) mailed is considered to be given on the date the
8-21 notice is deposited in the United States mail with postage paid in
8-22 an envelope addressed to the member at the member's address
8-23 appearing or most recently appearing, as appropriate, in the
8-24 records of the corporation; and

8-25 (2) transmitted by facsimile or electronic message is
8-26 considered to be given when the facsimile or electronic message is
8-27 transmitted to a facsimile number or an electronic message address
8-28 provided by the member, or to which the member consents, for the
8-29 purpose of receiving notice.

8-30 Sec. 22.516. NOTICE TO ATTORNEY GENERAL. (a) In this
8-31 section, "charitable entity" has the meaning assigned by Section
8-32 123.001, Property Code.

8-33 (b) An action brought under Section 22.512 that involves a
8-34 charitable entity is considered a "proceeding involving a
8-35 charitable trust" to which Chapter 123, Property Code, applies.

8-36 SECTION 2. Section 4.153, Business Organizations Code, is
8-37 amended to read as follows:

8-38 Sec. 4.153. FILING FEES: NONPROFIT CORPORATIONS. For a
8-39 filing by or for a nonprofit corporation, the secretary of state
8-40 shall impose the following fees:

8-41 (1) for filing a certificate of formation, \$25;

8-42 (2) for filing a certificate of amendment, \$25;

8-43 (3) for filing a certificate of merger, conversion, or
8-44 consolidation, without regard to whether the surviving or new
8-45 corporation is a domestic or foreign corporation, \$50;

8-46 (4) for filing a statement of change of a registered
8-47 office, registered agent, or both, \$5;

8-48 (5) for filing a certificate of termination, \$5;

8-49 (6) for filing an application of a foreign corporation
8-50 for registration to conduct affairs in this state, \$25;

8-51 (7) for filing an application of a foreign corporation
8-52 for an amended registration to conduct affairs in this state, \$25;

8-53 (8) for filing a certificate of withdrawal of a
8-54 foreign corporation, \$5;

8-55 (9) for filing a restated certificate of formation and
8-56 accompanying statement, \$50;

8-57 (10) for filing a statement of change of name or
8-58 address of a registered agent, \$15, except that the maximum fee for
8-59 simultaneous filings by a registered agent for more than one
8-60 corporation may not exceed \$250;

8-61 (11) for filing a report under Chapter 22, \$5;

8-62 (12) for filing a report under Chapter 22 to reinstate
8-63 a corporation's right to conduct affairs in this state, \$5, plus a
8-64 late fee in the amount of \$5 or in the amount of \$1 for each month or
8-65 part of a month that the report remains unfiled, whichever amount is
8-66 greater, except that the late fee may not exceed \$25;

8-67 (13) for filing a report under Chapter 22 to reinstate
8-68 a corporation or registration following involuntary termination or
8-69 revocation, \$25; [~~and~~]

9-1 (14) for filing a certificate of validation, \$5, plus
9-2 the filing fee imposed for filing each new filing instrument that is
9-3 attached as an exhibit to the certificate of validation under
9-4 Section 22.508(c)(3)(C); and

9-5 (15) for filing any instrument of a domestic or
9-6 foreign corporation as provided by this code for which this section
9-7 does not expressly provide a fee, \$5.

9-8 SECTION 3. This Act takes effect September 1, 2019.

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