

By: Schwertner

S.B. No. 1514

A BILL TO BE ENTITLED

1 AN ACT

2 relating to business entities and nonprofit entities.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. Sections 71.002(2) and (7), Business & Commerce
5 Code, are amended to read as follows:

6 (2) "Assumed name" means:

7 (A) for an individual, a name that does not
8 include the surname of the individual;

9 (B) for a partnership, a name that does not
10 include the surname or other legal name of each joint venturer or
11 general partner;

12 (C) for an individual or a partnership, a name,
13 including a surname, that suggests the existence of additional
14 owners by including words such as "Company," "& Company," "& Son,"
15 "& Sons," "& Associates," "Brothers," and similar words, but not
16 words that merely describe the business being conducted or the
17 professional service being rendered;

18 (D) for a limited partnership, a name other than
19 the name stated in its certificate of formation;

20 (E) for a company, a name used by the company;

21 (F) for a corporation, a name other than the name
22 stated in its certificate of formation or a comparable document;

23 (G) for a limited liability partnership, a name
24 other than the name stated in its application filed with the office

1 of the secretary of state or a comparable document;

2 (H) for a limited liability company, a name other
3 than the name stated in its certificate of formation or a comparable
4 document, including the name of any protected series of the limited
5 liability company established by its company agreement if the name
6 of the protected series does not include the name of the limited
7 liability company stated in the limited liability company's
8 certificate of formation or a comparable document; and

9 (I) for a registered series of a domestic limited
10 liability company, a name other than the name stated in its
11 certificate of registered series.

12 (7) "Office" means [+]

13 ~~[(A)] for a person that is not an individual [or~~
14 ~~that is a corporation that is not required to or does not maintain a~~
15 ~~registered office in this state], the person's [+]~~

16 ~~[(i)] principal office in this state or~~
17 ~~outside of this state, as applicable [+], and~~

18 ~~[(ii)] principal place of business if not~~
19 ~~the same as the person's principal office; and~~

20 ~~[(B) for a corporation, limited partnership,~~
21 ~~limited liability partnership, limited liability company, or~~
22 ~~foreign filing entity that is required to maintain a registered~~
23 ~~office in this state, the entity's:~~

24 ~~[(i)] registered office; and~~

25 ~~[(ii)] principal office if not the same as~~
26 ~~the entity's registered office].~~

27 SECTION 2. Subchapter B, Chapter 1, Business Organizations

1 Code, is amended by adding Section 1.055 to read as follows:

2 Sec. 1.055. DOCTRINE OF INDEPENDENT LEGAL SIGNIFICANCE. An
3 action validly taken under a provision of this code may not be
4 considered invalid because the action is identical or similar in
5 substance to an action that could have been taken under another
6 provision of this code but fails to satisfy one or more requirements
7 prescribed by that other provision.

8 SECTION 3. Section 3.059(b), Business Organizations Code,
9 is amended to read as follows:

10 (b) A restated certificate of formation may omit:

11 (1) the name and address of each organizer other than
12 the name and address of each general partner of a limited
13 partnership or trust manager of a real estate investment trust;
14 [~~and~~]

15 (2) the initial mailing address of the filing entity;
16 and

17 (3) any other information that may be omitted under
18 the provisions of this code applicable to the filing entity.

19 SECTION 4. Section 3.203, Business Organizations Code, is
20 amended to read as follows:

21 Sec. 3.203. SIGNATURE REQUIREMENT. (a) A certificate
22 representing an ownership interest in [~~The managerial official or~~
23 ~~officials of~~] a domestic entity must contain the signature or
24 signatures of each managerial official of the entity that is
25 authorized by the governing documents of the entity to sign
26 certificated ownership interests of the entity [~~must sign any~~
27 ~~certificate representing an ownership interest in the entity~~].

1 (b) A certificated ownership interest that contains the
2 [~~manual or facsimile~~] signature of a person who is no longer a
3 managerial official of a domestic entity when the certificate is
4 issued may be issued by the entity in the same manner and with the
5 same effect as if the person had remained a managerial official.

6 SECTION 5. Section 3.251(3), Business Organizations Code,
7 is amended to read as follows:

8 (3) "Emergency period" means any period during which
9 the governing authority of a domestic entity, due to a condition
10 that is a part of or results from an emergency, is unable to satisfy
11 one or more requirements of the entity's governing documents or
12 this code necessary for action by vote at a meeting of the governing
13 authority outside of an emergency period.

14 SECTION 6. Section 4.005, Business Organizations Code, is
15 amended by adding Subsection (f) to read as follows:

16 (f) Subject to any qualification stated in the certificate,
17 a certificate issued by the secretary of state stating that a
18 domestic registered series is in existence may be relied on as
19 conclusive evidence of the existence of the domestic registered
20 series.

21 SECTION 7. Section 5.051, Business Organizations Code, is
22 amended to read as follows:

23 Sec. 5.051. ASSUMED NAME. A domestic entity, a protected
24 series or registered series of a domestic limited liability
25 company, or a foreign entity having authority to transact business
26 in this state may transact business under an assumed name on
27 compliance [~~by filing an assumed name certificate in accordance~~]

1 with Chapter 71, Business & Commerce Code. The requirements of this
2 subchapter do not apply to an assumed name set forth in an assumed
3 name certificate filed under that chapter.

4 SECTION 8. Section 6.201(b-3), Business Organizations
5 Code, is amended to read as follows:

6 (b-3) By a provision in the written consent or by a written
7 instruction to an agent of the filing entity, a person signing a
8 written consent may provide that the person's consent is to take
9 effect at a future time, which must be not later than the 60th day
10 after the date all persons entitled to vote on the action have
11 signed the ~~[person's]~~ consent or consents. The [A] person's written
12 consent is considered to have been given at the later of that future
13 effective time or a later effective time determined under
14 Subsection (b-1) or (b-2), so long as the person:

15 (1) is entitled to vote on the action subject to the
16 consent, which is determined as of the applicable effective time
17 or, if applicable, the record date established under Section 6.102;
18 and

19 (2) did not revoke the consent before the applicable
20 effective time.

21 SECTION 9. Sections 6.202(b) and (c-3), Business
22 Organizations Code, are amended to read as follows:

23 (b) Except as provided by this code, the certificate of
24 formation of a filing entity may authorize the owners or members of
25 the entity to take action without holding a meeting, providing
26 prior notice, or taking a vote if owners or members of the entity
27 having at least the minimum number of votes that would be necessary

1 to take the action that is the subject of the consent at a meeting,
2 in which each owner or member entitled to vote on the action is
3 present and votes, sign a written consent or consents stating the
4 action taken.

5 (c-3) If two or more of the written consents described by
6 Subsection (c-2) have different future effective times, the latest
7 future effective time of those consents applies to all of the
8 consents. The written consent or consents are considered to have
9 been given for purposes of this section at the applicable effective
10 time so long as owners or members satisfying the minimum
11 requirements in Subsection (b):

12 (1) are determined to be owners or members, as
13 applicable, as of:

14 (A) that effective time; or

15 (B) if applicable, the record date established
16 under Section 6.102; and

17 (2) have signed and not revoked the [~~the owner's or~~
18 ~~member's~~] consent or consents at any time before the applicable
19 effective time of the consent or consents.

20 SECTION 10. Section 10.151(a), Business Organizations
21 Code, is amended to read as follows:

22 (a) A [~~After approval of a plan of merger or a plan of~~
23 ~~exchange as provided by this code, a~~] certificate of merger, which
24 may also include an exchange, or a certificate of exchange, as
25 applicable, must be filed for a merger or interest exchange to
26 become effective if:

27 (1) for a merger:

1 (A) any domestic entity that is a party to the
2 merger is a filing entity; or

3 (B) any domestic entity to be created under the
4 plan of merger is a filing entity; or

5 (2) for an exchange, an ownership or membership
6 interest in any filing entity is to be acquired in the interest
7 exchange.

8 SECTION 11. Section 10.154(a), Business Organizations
9 Code, is amended to read as follows:

10 (a) A [~~After approval of a plan of conversion as provided by~~
11 ~~this code, a~~] certificate of conversion must be filed for the
12 conversion to become effective if:

13 (1) any domestic entity that is a party to the
14 conversion is a filing entity; or

15 (2) any domestic entity to be created under the plan of
16 conversion is a filing entity.

17 SECTION 12. Section 10.355(c), Business Organizations
18 Code, is amended to read as follows:

19 (c) A notice required to be provided under Subsection (a),
20 (b), or (b-1) must:

21 (1) be accompanied by:

22 (A) a copy of this subchapter; or

23 (B) information directing the owner to a publicly
24 available electronic resource at which this subchapter may be
25 accessed without subscription or cost; and

26 (2) advise the owner of the location of the
27 responsible organization's principal executive offices to which a

1 notice required under Section 10.356(b)(1) or a demand under
2 Section 10.356(b)(3), or both, may be provided.

3 SECTION 13. Section 10.364(d), Business Organizations
4 Code, is amended to read as follows:

5 (d) The responsible organization shall~~+~~
6 ~~[(1) immediately]~~ pay the amount of the judgment to
7 the [a] holder of the [an uncertificated] ownership interest on the
8 terms and conditions ordered by the court~~[, and~~

9 ~~[(2) pay the amount of the judgment to a holder of a~~
10 ~~certificated ownership interest immediately after the certificate~~
11 ~~holder surrenders to the responsible organization an endorsed~~
12 ~~certificate representing the ownership interest].~~

13 SECTION 14. Section 11.056, Business Organizations Code, is
14 amended by amending Subsection (a) and adding Subsection (c) to
15 read as follows:

16 (a) The termination of the continued membership of the last
17 remaining member of a domestic limited liability company is an
18 event requiring winding up under Section 11.051(4) unless, not
19 later than one year [the 90th day] after the date of the termination
20 or within the period of time provided by the company agreement:

21 (1) [r] the legal representative or successor of the
22 last remaining member agrees:

23 (A) [(1)] to continue the company; and

24 (B) [(2)] to become a member of the company
25 effective as of the date of the termination or to designate another
26 person who agrees to become a member of the company effective as of
27 the date of the termination; or

1 (2) a member is admitted to the company in the manner
2 provided by the company agreement, effective as of the occurrence
3 of the termination, under a provision of the company agreement that
4 specifically provides for the admission of a member to the company
5 after there is no longer a remaining member of the company.

6 (c) The company agreement may provide that the legal
7 representative or successor of the last remaining member is
8 obligated to agree to continue the company and to the admission of
9 the legal representative or successor, or the representative's or
10 successor's nominee or designee, as a member effective as of the
11 occurrence of the event that terminates the continued membership of
12 the last remaining member.

13 SECTION 15. Sections 11.202(a) and (c), Business
14 Organizations Code, are amended to read as follows:

15 (a) To the extent applicable, a terminated entity, to be
16 reinstated, must complete the requirements of this section [~~not~~
17 ~~later than the third anniversary of the date the termination of the~~
18 ~~terminated entity's existence took effect~~].

19 (c) After approval of the reinstatement of a filing entity
20 that was terminated, [~~and not later than the third anniversary of~~
21 ~~the date of the filing of the entity's certificate of termination,~~]
22 the filing entity shall file a certificate of reinstatement in
23 accordance with Chapter 4.

24 SECTION 16. Section 11.253, Business Organizations Code, is
25 amended by adding Subsection (e) to read as follows:

26 (e) The reinstatement of a terminated limited liability
27 company automatically reinstates any protected series or

1 registered series that terminated because of the termination of the
2 company.

3 SECTION 17. Section 11.254, Business Organizations Code, is
4 amended by adding Subsection (c) to read as follows:

5 (c) The reinstatement of a limited liability company's
6 certificate of formation after its forfeiture automatically
7 reinstates any protected series or registered series that
8 terminated because of the forfeiture.

9 SECTION 18. Subchapter F, Chapter 11, Business
10 Organizations Code, is amended by adding Section 11.255 to read as
11 follows:

12 Sec. 11.255. REINSTATEMENT OF CERTIFICATE OF FORMATION
13 FOLLOWING FAILURE TO REVIVE; REINSTATEMENT RETROACTIVE. (a) A
14 nonprofit corporation whose certificate of formation has been
15 terminated under Section 22.364 must follow the procedure required
16 by Section 22.365 to reinstate the nonprofit corporation's
17 certificate of formation. A nonprofit corporation whose
18 certificate of formation is reinstated under Section 22.365 is
19 considered to have continued in existence without interruption from
20 the date of termination.

21 (b) A limited partnership whose certificate of formation
22 has been terminated under Section 153.311 must follow the procedure
23 required by Section 153.312 to reinstate the limited partnership's
24 certificate of formation. A limited partnership whose certificate
25 of formation is reinstated under Section 153.312 is considered to
26 have continued in existence without interruption from the date of
27 termination.

1 SECTION 19. Sections 11.356(a) and (b), Business
2 Organizations Code, are amended to read as follows:

3 (a) Notwithstanding the termination of a domestic filing
4 entity under this code or the Tax Code [~~chapter~~], the terminated
5 filing entity continues in existence until the third anniversary of
6 the effective date of the entity's termination only for purposes
7 of:

8 (1) prosecuting or defending in the terminated filing
9 entity's name an action or proceeding brought by or against the
10 terminated entity;

11 (2) permitting the survival of an existing claim by or
12 against the terminated filing entity;

13 (3) holding title to and liquidating property that
14 remained with the terminated filing entity at the time of
15 termination or property that is collected by the terminated filing
16 entity after termination;

17 (4) applying or distributing property, or its
18 proceeds, as provided by Section 11.053; and

19 (5) settling affairs not completed before
20 termination.

21 (b) A terminated filing entity may not continue its
22 existence for the purpose of continuing the business or affairs for
23 which the terminated filing entity was formed unless the terminated
24 filing entity is reinstated under this code or the Tax Code
25 [~~Subchapter E~~].

26 SECTION 20. Section 11.359(c), Business Organizations
27 Code, is amended to read as follows:

1 (c) Notwithstanding Subsections (a) and (b), the
2 extinguishment of an existing claim with respect to a terminated
3 filing entity as provided by this section is nullified if:

4 (1) the filing entity's termination is revoked with
5 retroactive effect under Section 11.153;

6 (2) the terminated filing entity is reinstated with
7 retroactive effect as provided by Section 11.206;

8 (3) the terminated filing entity is reinstated with
9 retroactive effect as provided by Section 11.253(d); ~~or~~

10 (4) the terminated filing entity's certificate of
11 formation is reinstated under the Tax Code with retroactive effect
12 as provided by Section 11.254;

13 (5) the terminated filing entity's certificate of
14 formation is reinstated under Chapter 22 with retroactive effect as
15 provided by Section 11.255(a); or

16 (6) the terminated filing entity's certificate of
17 formation is reinstated under Chapter 153 with retroactive effect
18 as provided by Section 11.255(b).

19 SECTION 21. Section 20.002(c), Business Organizations
20 Code, is amended to read as follows:

21 (c) The fact that an act or transfer is beyond the scope of
22 the expressed purpose or purposes of the corporation or is
23 inconsistent with an expressed limitation on the authority of an
24 officer or director may be asserted in a proceeding:

25 (1) by a shareholder or member against the corporation
26 to enjoin the performance of an act or the transfer of property by
27 or to the corporation;

1 (2) by the corporation, acting directly or through a
2 receiver, trustee, or other legal representative, or through
3 members or shareholders in a representative suit, against an
4 officer or director or former officer or director of the
5 corporation for exceeding that person's authority; or

6 (3) by the attorney general to:

7 (A) terminate the corporation;

8 (B) enjoin the corporation from performing an
9 unauthorized act; or

10 (C) enforce divestment of real property acquired
11 or held contrary to the laws of this state.

12 SECTION 22. Section 21.157, Business Organizations Code, is
13 amended by amending Subsections (a) and (d) and adding Subsections
14 (e), (f), and (g) to read as follows:

15 (a) Except as provided by Section 21.158, a corporation may
16 issue shares for consideration if authorized by the board of
17 directors of the corporation. Shares may be issued in one or more
18 transactions in the number, at the time, and for the consideration
19 stated in or determined by the authorization of the board of
20 directors.

21 (d) An authorization of the board of directors may delegate
22 to a person or persons, in addition to the board of directors, the
23 authority to enter into one or more transactions to issue shares.
24 With respect to a transaction entered into by a person or persons to
25 whom authority was delegated under this subsection, shares may be
26 issued in the number, at the time, and for the consideration the
27 person or persons may determine [~~The authorization by the board of~~

1 ~~directors for the issuance of shares may provide that any shares to~~
2 ~~be issued under the authorization may be issued:~~

3 ~~[(1) in one or more transactions in the numbers and at~~
4 ~~the times as stated in or determined by the authorization, or~~

5 ~~[(2) in the manner stated in the authorization, which~~
6 ~~may include a determination or action by any person or persons,~~
7 ~~including the corporation,] if that [~~the~~] authorization of the
8 board of directors:~~

9 (1) states:

10 (A) the maximum number of shares that may be
11 issued under the authorization;

12 (B) the period of time during which the shares
13 may be issued; and

14 (C) the minimum amount of consideration for which
15 the shares may be issued; and

16 (2) does not permit the person or persons to whom
17 authority was delegated to issue shares to that person or those
18 persons.

19 (e) A provision of an authorization provided under
20 Subsection (a) or (d) may depend on a fact ascertainable outside of
21 the authorization, if the manner in which the fact operates on the
22 authorization is clearly and expressly included in the
23 authorization. In this subsection, "fact" includes the occurrence
24 of any event, including a determination or action by any person or
25 persons.

26 (f) If the authorization of the board of directors delegates
27 to a person or persons the authority to enter into a transaction to

1 issue shares under Subsection (d), the provisions of the
2 authorization under Subsection (d)(1) may not depend on a
3 determination or action by the person or persons to whom authority
4 was delegated.

5 (g) In this section and notwithstanding Section 1.002,
6 "person" includes a committee of the board of directors.

7 SECTION 23. Section 21.160(a), Business Organizations
8 Code, is amended to read as follows:

9 (a) Subject to Subsection (b) and Section 21.157,
10 consideration to be received for shares must be determined:

11 (1) by the board of directors;

12 (2) by a plan of conversion, if the shares are to be
13 issued by a converted corporation under the plan; or

14 (3) by a plan of merger, if the shares are to be issued
15 under the plan by a corporation created under the plan.

16 SECTION 24. Section 21.168, Business Organizations Code, is
17 amended by amending Subsections (c) and (d) and adding Subsections
18 (e), (f), (g), and (h) to read as follows:

19 (c) Subject to the certificate of formation, a right or
20 option described by this section must state the terms and
21 conditions on which, the time within which, and any consideration,
22 including a formula by which the consideration may be determined,
23 for which the shares may be purchased or received from the
24 corporation on the exercise of the right or option. ~~[A formula by~~
25 ~~which the consideration may be determined may include or be made~~
26 ~~dependent on facts ascertainable outside the formula, if the manner~~
27 ~~in which those facts operate on the formula is clearly or expressly~~

1 ~~set forth in the formula or in the authorization approving the~~
2 ~~formula.]~~

3 (d) Subject to the certificate of formation, convertible
4 indebtedness described by this section must state the terms and
5 conditions on which, the time within which, and the conversion
6 ratio, which may be stated as a formula by which the conversion
7 ratio may be determined, at which the indebtedness may be converted
8 into shares. The formula may include or be made dependent on facts
9 ascertainable outside the formula, if the manner in which those
10 facts operate on the formula is clearly or expressly provided by the
11 formula or in the authorization approving the formula.

12 (e) An authorization of the board of directors may delegate
13 to a person or persons, in addition to the board of directors, the
14 authority to enter into one or more transactions to issue rights or
15 options. For a transaction entered into by a person or persons to
16 whom authority was delegated under this subsection, the rights or
17 options may be issued in the number, at the time, and for the
18 consideration as the person or persons may determine if that
19 authorization of the board of directors:

20 (1) states:

21 (A) the maximum number of rights or options, and
22 the maximum number of shares issuable on exercise of those rights or
23 options, that may be issued under the authorization;

24 (B) the period of time during which the rights or
25 options, and the shares issuable on exercise of those rights or
26 options, may be issued; and

27 (C) the minimum amount of consideration:

1 (i) if any, for which the rights or options
2 may be issued; and

3 (ii) for the shares issuable on exercise of
4 the rights or options; and

5 (2) does not permit the person or persons to whom
6 authority was delegated to issue rights, options, or shares to that
7 person or those persons.

8 (f) A provision of a right or option or an authorization of a
9 right or option under this section may depend on a fact
10 ascertainable outside of the right, option, or authorization, if
11 the manner in which the fact operates on the right, option, or
12 authorization is clearly and expressly set forth in the right,
13 option, or authorization. In this subsection, "fact" includes the
14 occurrence of any event, including a determination or action by any
15 person or persons.

16 (g) If the authorization of the board of directors delegates
17 to a person or persons the authority to enter into a transaction to
18 issue rights or options under Subsection (e), the provisions of the
19 authorization under Subsection (e)(1) may not depend on a
20 determination or action by the person or persons to whom authority
21 was delegated.

22 (h) In this section and notwithstanding Section 1.002,
23 "person" includes a committee of the board of directors.

24 SECTION 25. Section 21.169(c), Business Organizations
25 Code, is amended to read as follows:

26 (c) Except as provided by Section 21.168, unless ~~[Unless]~~
27 otherwise provided under the terms of rights or options or the

1 agreement or plan under which the rights or options are issued, the
2 authority to grant, amend, redeem, extend, or replace the rights or
3 options on behalf of a corporation is vested exclusively in the
4 board of directors of the corporation. A bylaw may not require the
5 board to grant, amend, redeem, extend, or replace the rights or
6 options.

7 SECTION 26. Section 21.218, Business Organizations Code, is
8 amended by amending Subsections (b) and (c) and adding Subsection
9 (b-1) to read as follows:

10 (b) On written demand stating a proper purpose, a holder of
11 shares of a corporation for at least six months immediately
12 preceding the holder's demand, or a holder of at least five percent
13 of all of the outstanding shares of a corporation, is entitled to
14 examine and copy, at a reasonable time at the corporation's
15 principal place of business or other location approved by the
16 corporation and the holder, the corporation's books, records of
17 account, minutes, ~~[and]~~ share transfer records, and other records,
18 whether in written or other tangible form, if the record is
19 reasonably related to and appropriate to examine and copy for that
20 proper ~~[relating to the stated]~~ purpose.

21 (b-1) The examination and copying may be conducted by the
22 holder of shares ~~[in person]~~ or through an agent, accountant, or
23 attorney. An agent, accountant, or attorney who conducts an
24 examination and copying under this section is subject to any
25 obligations of the shareholder with respect to the records made
26 available for examination and copying.

27 (c) This section does not impair the power of a court, on the

1 presentation of proof of proper purpose by a beneficial or record
2 holder of shares, to compel the production for examination by the
3 holder, at the holder's cost, of the books and records of account
4 ~~[accounts]~~, minutes, ~~[and]~~ share transfer records, and other
5 records, whether in written or other tangible form, of a
6 corporation, regardless of the period during which the holder was a
7 beneficial holder or record holder and regardless of the number of
8 shares held by the person.

9 SECTION 27. Section 21.220, Business Organizations Code, is
10 amended to read as follows:

11 Sec. 21.220. PENALTY FOR FAILURE TO PREPARE VOTING LIST. An
12 officer or agent of a corporation who is in charge of the
13 corporation's share transfer records and who does not prepare the
14 list of shareholders, keep the list on file for a 10-day period
15 before the annual meeting, or ~~[produce and]~~ keep the list available
16 for inspection ~~[at the annual meeting]~~ as required by Sections
17 21.354 and 21.372 is liable to a shareholder who suffers damages
18 because of the failure for the damage caused by the failure.

19 SECTION 28. Section 21.354(a), Business Organizations
20 Code, is amended to read as follows:

21 (a) The list of shareholders entitled to vote at the meeting
22 prepared under Section 21.372 shall be~~+~~

23 ~~[(1)]~~ subject to inspection by a shareholder during
24 regular business hours~~+, and~~

25 ~~[(2) produced and kept open at the meeting]~~.

26 SECTION 29. Section 21.372(a-1), Business Organizations
27 Code, is amended to read as follows:

1 (a-1) Instead of being kept on file, the list required by
2 Subsection (a) may be kept on a reasonably accessible electronic
3 data system if the information required to gain access to the list
4 is provided with notice of the meeting. Section 21.353(c)[~~7~~
5 ~~Section 21.354(a-1)~~] and this subsection may not be construed to
6 require a corporation to include any electronic contact information
7 of a shareholder on the list. A corporation that elects to make the
8 list available on an electronic data system must take reasonable
9 measures to ensure the information is available only to
10 shareholders of the corporation.

11 SECTION 30. Section 22.220, Business Organizations Code, is
12 amended by amending Subsection (a) and adding Subsection (c) to
13 read as follows:

14 (a) The certificate of formation or bylaws of a corporation
15 may provide that an action required by this chapter to be taken at a
16 meeting of the corporation's directors or an action that may be
17 taken at a meeting of the directors or a committee may be taken
18 without holding a meeting, providing prior notice, or taking a vote
19 if a written consent, stating the action to be taken, is signed by
20 the number of directors or committee members necessary to take that
21 action at a meeting at which all of the directors or committee
22 members are present and voting. The consent must state the date of
23 each director's or committee member's signature.

24 (c) Notwithstanding a provision of this code, advance
25 notice is not required to be given to take an action by written
26 consent as provided by this section.

27 SECTION 31. Section 22.230(e), Business Organizations

1 Code, is amended to read as follows:

2 (e) If at least one of the conditions of Subsection (b) is
3 satisfied, neither the corporation nor any of the corporation's
4 members [~~shareholders~~] will have a cause of action against any of
5 the persons described by Subsection (a) for breach of duty with
6 respect to the making, authorization, or performance of the
7 contract or transaction because the person had the relationship or
8 interest described by Subsection (a) or took any of the actions
9 authorized by Subsection (d).

10 SECTION 32. Section 101.001(1), Business Organizations
11 Code, is amended to read as follows:

12 (1) "Company agreement" means any agreement, written,
13 implied, or oral, of the members concerning the affairs or the
14 conduct of the business of a limited liability company. A company
15 agreement of a limited liability company having only one member is
16 not unenforceable because only one person is a party to the company
17 agreement. A written company agreement may consist of one or more
18 agreements, instruments, or other writings and may include or
19 incorporate one or more schedules, supplements, or other writings
20 providing for the conduct of the business and affairs of the limited
21 liability company or of a series of the limited liability company.

22 SECTION 33. Section 101.051, Business Organizations Code,
23 is amended to read as follows:

24 Sec. 101.051. CERTAIN PROVISIONS CONTAINED IN CERTIFICATE
25 OF FORMATION. (a) A provision that may be included [~~contained~~] in
26 the company agreement of a limited liability company may
27 [~~alternatively~~] be included in the certificate of formation of the

1 company as provided by Section 3.005(b).

2 (b) A reference in this title to the company agreement of a
3 limited liability company includes any provision contained in the
4 company's certificate of formation to the extent that the provision
5 reflects the agreement of each member concerning the affairs or the
6 conduct of the business of the limited liability company [~~instead~~
7 ~~of the company agreement as provided by Subsection (a)~~].

8 SECTION 34. Section 101.052, Business Organizations Code,
9 is amended by amending Subsection (f) and adding Subsection (g) to
10 read as follows:

11 (f) A company agreement is enforceable by or against the
12 limited liability company, including a protected series or
13 registered series of the company, regardless of whether the
14 company, or the protected series or registered series of the
15 company, has signed or otherwise expressly adopted the agreement.

16 (g) A member or manager of a limited liability company, or
17 an assignee of a membership interest of a limited liability
18 company, is bound by the company agreement, regardless of whether
19 the member, manager, or assignee signs the company agreement.

20 SECTION 35. Sections 101.054(a) and (e), Business
21 Organizations Code, are amended to read as follows:

22 (a) Except as provided by this section, the following
23 provisions may not be waived or modified in the company agreement of
24 a limited liability company:

25 (1) this section;

26 (2) Section 101.101, 101.151, 101.206, 101.501, or
27 Subchapter M of Chapter 101, except that Sections 101.601(d),

1 101.610, 101.611, 101.613(a), 101.616(2)(A) through (D), 101.618,
2 or 101.619(b) may be waived or modified in the company agreement;

3 (3) Chapter 1, if the provision is used to interpret a
4 provision or define a word or phrase contained in a section listed
5 in this subsection;

6 (4) Chapter 2, except that Section 2.104(c)(2),
7 2.104(c)(3), or 2.113 may be waived or modified in the company
8 agreement;

9 (5) Chapter 3, except that Subchapters C and E may be
10 waived or modified in the company agreement; or

11 (6) Chapter 4, 5, 10, 11, or 12[, ~~other than Section~~
12 ~~11.056~~].

13 (e) The company agreement may not unreasonably restrict a
14 member's or assignee's rights [~~person's right of access to records~~
15 ~~and information~~] under Section 101.502.

16 SECTION 36. Subchapter B, Chapter 101, Business
17 Organizations Code, is amended by adding Section 101.056 to read as
18 follows:

19 Sec. 101.056. RATIFICATION OF VOID OR VOIDABLE ACTS OR
20 TRANSACTIONS. (a) Any act or transaction taken by or with respect
21 to a limited liability company under this code or a company
22 agreement that is void or voidable when taken may be ratified, and
23 the failure to comply with any requirements of the company
24 agreement which caused the act or transaction to be void or voidable
25 may be waived, in accordance with this section.

26 (b) An act or transaction may be ratified or waived, as
27 applicable, with the approval of the members, managers, or other

1 persons whose approval would be required under the company
2 agreement at the time of the ratification or waiver:

3 (1) for the void or voidable act or transaction to be
4 validly taken; or

5 (2) to amend the company agreement in a manner that
6 would permit the void or voidable act or transaction to be validly
7 taken.

8 (c) If the void or voidable act or transaction was the
9 issuance or assignment of any membership interests, the membership
10 interests purportedly issued or assigned are deemed to have not
11 been issued or assigned for purposes of determining whether the
12 void or voidable act or transaction is ratified or waived under this
13 section.

14 (d) Any act or transaction ratified or waived under this
15 section is deemed validly taken at the time the act or transaction
16 occurred.

17 (e) This section may not be construed to limit the
18 accomplishment of a ratification or waiver of a void or voidable act
19 or transaction by other lawful means.

20 SECTION 37. Section 101.206(e), Business Organizations
21 Code, is amended to read as follows:

22 (e) This section may not be construed to affect the
23 obligation of a member of a limited liability company to return a
24 distribution to the company under the company agreement, another
25 agreement, or other state or federal law.

26 SECTION 38. Section 101.252, Business Organizations Code,
27 is amended to read as follows:

1 Sec. 101.252. MANAGEMENT BY GOVERNING AUTHORITY. The
2 governing authority of a limited liability company shall direct the
3 management of [~~manage~~] the business and affairs of the company and
4 exercise or authorize the exercise of the powers of the company as
5 provided by:

6 (1) the company agreement; and

7 (2) this title and the provisions of Title 1
8 applicable to a limited liability company to the extent that the
9 company agreement does not provide for the management of the
10 company.

11 SECTION 39. Section 101.358(b), Business Organizations
12 Code, is amended to read as follows:

13 (b) Notwithstanding Sections 6.201 and 6.202, an action may
14 be taken without holding a meeting, providing prior or subsequent
15 notice, or taking a vote if a written consent or consents stating
16 the action to be taken is signed by the number of governing persons,
17 members, or committee members of a limited liability company, as
18 appropriate, necessary to have at least the minimum number of votes
19 that would be necessary to take the action at a meeting at which
20 each governing person, member, or committee member, as appropriate,
21 entitled to vote on the action is present and votes.

22 SECTION 40. Section 101.457, Business Organizations Code,
23 is amended to read as follows:

24 Sec. 101.457. TOLLING OF STATUTE OF LIMITATIONS. A written
25 demand filed with the limited liability company under Section
26 101.453 tolls the statute of limitations on the claim on which
27 demand is made until the later of:

1 (1) the 31st day after the expiration of any waiting
2 period under Section 101.453 [~~101.453(a)~~]; or

3 (2) the 31st day after the expiration of any stay
4 granted under Section 101.455, including all continuations of the
5 stay.

6 SECTION 41. Section 101.502, Business Organizations Code,
7 is amended to read as follows:

8 Sec. 101.502. RIGHT TO EXAMINE RECORDS [~~AND CERTAIN OTHER~~
9 ~~INFORMATION~~]. (a) A member of a limited liability company or an
10 assignee of a membership interest in a limited liability company,
11 [~~or a representative of the member or assignee,~~] on written demand
12 stating [~~request and for~~] a proper purpose, is entitled to [~~may~~]
13 examine and copy at a [~~any~~] reasonable time at the limited liability
14 company's principal office identified under Section 101.501(c) or
15 another location approved by the limited liability company and the
16 member or assignee, any records of the limited liability company,
17 whether in written or other tangible form, which are reasonably
18 related to and appropriate to examine and copy for that proper
19 purpose [~~and at the member's or assignee's expense.~~

20 [~~(1) records required under Sections 3.151 and~~
21 ~~101.501, and~~

22 [~~(2) other information regarding the business,~~
23 ~~affairs, and financial condition of the company that is reasonable~~
24 ~~for the person to examine and copy].~~

25 (b) The examination and copying under Subsection (a) may be
26 conducted [~~A limited liability company shall provide to a member of~~
27 ~~the company or an assignee of a membership interest in the company,~~

1 ~~on written request]~~ by the member or assignee or through an agent,
2 accountant, or attorney. An agent, accountant, or attorney who
3 conducts an examination and copying under this section is subject
4 to any obligations of the member or assignee with respect to the
5 records made available for examination and copying. ~~[sent to the~~
6 ~~company's principal office in the United States or, if different,~~
7 ~~the person and address designated in the company agreement, a free~~
8 ~~copy of.]~~

9 (c) On written request of a member or an assignee of a
10 membership interest, the limited liability company shall provide to
11 the requesting member or assignee without charge copies of:

12 (1) the company's certificate of formation, including
13 any amendments to or restatements of the certificate of formation;

14 (2) if in writing, the company agreement, including
15 any amendments to or restatements of the company agreement; and

16 (3) any tax returns described by Section
17 [101.501\(a\)\(2\)](#).

18 (d) A demand or request made by a member or assignee under
19 Subsection (a) or (c) must be made to:

20 (1) the person who is designated to receive the demand
21 or request in the company agreement at the address designated in the
22 company agreement; or

23 (2) if there is no designation, a manager or managing
24 member at the limited liability company's principal office in the
25 United States.

26 SECTION 42. Section [101.601\(c\)](#), Business Organizations
27 Code, is amended to read as follows:

1 (c) Nothing in this subchapter shall be construed to limit
2 the application of the principle of freedom of ~~[to]~~ contract to a
3 series that is not a protected series or a registered series.
4 Except as otherwise provided by Sections 101.627 through 101.636, a
5 series may not merge or convert.

6 SECTION 43. Section 101.623(b), Business Organizations
7 Code, is amended to read as follows:

8 (b) A certificate of registered series must state:

9 (1) the name of the limited liability company;

10 (2) the name of the registered series being formed,
11 which must conform with the requirements of Section 5.0561
12 [~~5.056(c)~~]; and

13 (3) if the registered series is formed under a plan of
14 conversion or merger, a statement to that effect.

15 SECTION 44. Section 101.624(d), Business Organizations
16 Code, is amended to read as follows:

17 (d) A manager associated with a registered series or, if
18 there is no manager, any member associated with the registered
19 series who becomes aware that any statement in a certificate of
20 registered series filed with respect to the registered series was
21 false when made, or that any provision in the certificate of
22 registered series has changed making the certificate of registered
23 series false in any material respect, or that the name of the
24 registered series does not comply with Section 101.626, shall
25 promptly amend the certificate of registered series.

26 SECTION 45. Section 101.625(b), Business Organizations
27 Code, is amended to read as follows:

1 (b) The certificate of termination must contain:

2 (1) the name of the limited liability company;

3 (2) the name of the registered series;

4 (3) the registered series' filing number assigned by
5 the secretary of state;

6 (4) the nature of the event requiring winding up of the
7 registered series;

8 (5) a statement that the registered series has
9 complied with the provisions of this code governing the series'
10 winding up; and

11 (6) any other information the person filing the
12 certificate of termination determines.

13 SECTION 46. Section 101.627(a), Business Organizations
14 Code, is amended to read as follows:

15 (a) Upon compliance with Section 101.628, a registered
16 series of a domestic limited liability company may convert to a
17 protected series of the domestic limited liability company by
18 filing a certificate of conversion that complies with Section
19 101.631 with the secretary of state in accordance with~~[7]~~ and
20 taking effect as a filing instrument as specified~~[7]~~ by Chapter 4.

21 SECTION 47. Section 101.628(g), Business Organizations
22 Code, is amended to read as follows:

23 (g) Any of the terms of the plan of conversion may be made
24 dependent on a fact ascertainable outside of the plan if the manner
25 in which the fact [~~those facts~~] will operate on the terms of the
26 conversion is clearly and expressly stated in the plan. In this
27 subsection, "fact" [~~"facts"~~] includes the occurrence of any event,

1 including a determination or action by any person.

2 SECTION 48. Section 101.631(a), Business Organizations
3 Code, is amended to read as follows:

4 (a) A [~~After adoption of a plan of conversion as provided by~~
5 ~~Section 101.628, a~~] certificate of conversion must be signed by the
6 converting series and must include a statement certifying the
7 following:

8 (1) the name of the limited liability company and, if
9 it has been changed, the name under which the company's certificate
10 of formation was originally filed;

11 (2) the filing number of the limited liability company
12 assigned by the secretary of state;

13 (3) the name of the converting series and, if it is a
14 registered series and its name has been changed, the name under
15 which its certificate of registered series was originally filed;

16 (4) if the converting series is a registered series,
17 the filing number of the registered series assigned by the
18 secretary of state;

19 (5) that a plan of conversion is on file at the
20 principal place of business of the converting series, and the
21 address of the principal place of business;

22 (6) that a plan of conversion will be on file after the
23 conversion at the principal place of business of the converted
24 series, and the address of the principal place of business;

25 (7) that a copy of the plan of conversion will be on
26 written request furnished without cost by the converting series
27 before the conversion or by the converted series after the

1 conversion to any owner or member of the converting series or the
2 converted series; and

3 (8) that the plan of conversion has been adopted as
4 required by the company agreement of the limited liability company
5 and Section 101.628.

6 SECTION 49. Section 101.633(a)(1), Business Organizations
7 Code, is amended to read as follows:

8 (1) "Merger" means:

9 (A) the division of a merging series into:

10 (i) two or more new protected series or
11 ~~and~~ registered series; or

12 (ii) a surviving merging series and one or
13 more new protected series or registered series; or

14 (B) the combination of one or more merging series
15 with one or more merging series resulting in:

16 (i) one or more surviving merging series;

17 (ii) the creation of one or more new
18 protected series or registered series; or

19 (iii) one or more surviving merging series
20 and the creation of one or more new protected series or registered
21 series.

22 SECTION 50. Sections 101.633(b) and (e), Business
23 Organizations Code, are amended to read as follows:

24 (b) One or more merging series of the same limited liability
25 company may effect ~~affect~~ a merger as provided by a plan of merger
26 that is approved in accordance with this section and that complies
27 with Sections 101.634 through 101.636. The plan of merger shall

1 provide for one or more surviving or new protected series or
2 registered series of the same limited liability company.

3 (e) An item required by Subsection [~~Subsections~~] (d)(6),
4 (7), or [~~and~~] (8) may be included in the plan of merger by an
5 attachment or exhibit to the plan.

6 SECTION 51. Sections 101.634(a), (d), and (e), Business
7 Organizations Code, are amended to read as follows:

8 (a) If [~~After approval of a plan of merger as provided by~~
9 ~~Section 101.633, if~~] a registered series is a party to the merger or
10 if a new registered series is to be created by the merger, a
11 certificate of merger must be signed by each merging series that is
12 a party to the merger and must include a statement certifying the
13 following:

14 (1) the name of each merging series that is a party to
15 the merger and the name of the limited liability company that formed
16 that merging series;

17 (2) that a plan of merger has been approved and
18 executed by or on behalf of each merging series that is to merge;

19 (3) the name of each merging series that survives the
20 merger and each new registered series or protected series that is
21 created by the merger;

22 (4) any amendment to the certificate of registered
23 series of any registered series that is a surviving merging series,
24 including a change in the name of the surviving registered series,
25 to be effected by the merger or a statement that amendments are
26 being made to the certificate of registered series of any
27 registered series that is a surviving merging series under a

1 certificate of amendment attached to the certificate of merger
2 under Subsection (d);

3 (5) the certificate of registered series for each new
4 registered series that is to be created by the merger is being filed
5 with the certificate of merger;

6 (6) that the plan of merger is on file at a place of
7 business of each surviving or new registered series or the limited
8 liability company that formed the registered series, and the
9 address of that place of business;

10 (7) that a copy of the plan of merger will be on
11 written request furnished without cost by each surviving merging
12 series or new registered series or protected series to any member of
13 any merging series that is a party to the merger or any registered
14 series or protected series created by the plan of merger and, for a
15 merger with multiple surviving or new series, to any creditor or
16 obligee of the parties to the merger at the time of the merger if a
17 liability or obligation is then outstanding;

18 (8) if approval of the members of any merging series
19 that was a party to the plan of merger is not required by this code
20 or the company agreement, a statement to that effect; and

21 (9) a statement that the plan of merger has been
22 approved as required by this code and by the company agreement.

23 (d) The certificate of merger must be filed with the
24 secretary of state in accordance with[7] and take effect as a filing
25 instrument as specified by Chapter 4. If a new registered series is
26 to be created by the merger, a certificate of registered series for
27 the new registered series that complies with Section 101.623 must

1 be simultaneously filed with the certificate of merger in
2 accordance with Chapter 4 as a filing instrument and must take
3 effect simultaneously with the effectiveness of the certificate of
4 merger.

5 (e) Whenever this section requires the filing of a
6 certificate of merger, that requirement may be ~~[is]~~ satisfied by
7 the filing of the plan of merger containing the information
8 required to be included in the certificate of merger as provided by
9 this section.

10 SECTION 52. Section 101.636, Business Organizations Code,
11 is amended to read as follows:

12 Sec. 101.636. PROHIBITION ON MERGER PERMITTED. A company
13 agreement may provide that a protected series or registered series
14 ~~[company]~~ does not have the power to merge under Section 101.633.

15 SECTION 53. Section 151.001(5), Business Organizations
16 Code, is amended to read as follows:

17 (5) "Partnership agreement" means any agreement,
18 written, implied, or oral, of the partners concerning a partnership
19 and the partnership's affairs or business, and includes amendments
20 to the partnership agreement. A partnership is not required to sign
21 its partnership agreement. A partnership is bound by its
22 partnership agreement whether or not the partnership signs the
23 partnership agreement. A partnership agreement may provide rights
24 to any person, including a person who is not a party to the
25 partnership agreement, to the extent contained in the partnership
26 agreement. A partner of a partnership or a transferee or assignee
27 of a partnership interest is bound by the partnership agreement

1 whether or not the partner, transferee, or assignee signs the
2 partnership agreement. A written partnership agreement may consist
3 of one or more agreements, instruments, or other writings and may
4 include or incorporate one or more schedules, supplements, or other
5 writings providing for the conduct of the business and affairs of
6 the partnership.

7 SECTION 54. Section 152.002(b), Business Organizations
8 Code, is amended to read as follows:

9 (b) A partnership agreement or the partners may not:

10 (1) unreasonably restrict a partner's or former
11 partner's right of access to books and records under Section
12 152.212;

13 (2) eliminate the duty of loyalty under Section
14 152.205, except that the partners by agreement may identify
15 specific types of activities or categories of activities that do
16 not violate the duty of loyalty if the types or categories are not
17 manifestly unreasonable;

18 (3) eliminate the duty of care under Section 152.206,
19 except that the partners by agreement may determine the standards
20 by which the performance of the obligation is to be measured if the
21 standards are not manifestly unreasonable;

22 (4) eliminate the obligation of good faith under
23 Section 152.204(b), except that the partners by agreement may
24 determine the standards by which the performance of the obligation
25 is to be measured if the standards are not manifestly unreasonable;

26 (5) vary the power to withdraw as a partner under
27 Section 152.501(b)(1), (7), or (8), except for the requirement that

1 notice be in writing;

2 (6) vary the right to expel a partner by a court in an
3 event specified by Section 152.501(b)(5);

4 (7) restrict rights of a third party under this
5 chapter or the other partnership provisions, except for a
6 limitation on an individual partner's liability in a limited
7 liability partnership as provided by this chapter;

8 (8) select a governing law not permitted under
9 Sections 1.103 and 1.002(43)(C); or

10 (9) except as provided in Subsections (c) and (d),
11 waive or modify the following provisions of Title 1:

12 (A) Chapter 1, if the provision is used to
13 interpret a provision or to define a word or phrase contained in a
14 section listed in this subsection;

15 (B) Chapter 2, other than Sections 2.104(c)(2),
16 2.104(c)(3), and 2.113;

17 (C) Chapter 3, other than Subchapters C and E of
18 that chapter; or

19 (D) Chapters 4, 5, 10, 11, and 12, other than
20 Sections 11.057(a), (b), (c)(1), (c)(3), (d), and (f).

21 SECTION 55. Section 153.004(a), Business Organizations
22 Code, is amended to read as follows:

23 (a) Except as provided by this section, the following
24 provisions of Title 1 may not be waived or modified in the
25 partnership agreement of a limited partnership:

26 (1) Chapter 1, if the provision is used to interpret a
27 provision or define a word or phrase contained in a section listed

1 in this subsection;

2 (2) Chapter 2, other than Section 2.104(c)(2),
3 2.104(c)(3), or 2.113;

4 (3) Chapter 3, other than Subchapters C and E of that
5 chapter and Section 3.151 (provided, that in all events a
6 partnership agreement may not validly waive or modify Section
7 153.551 or unreasonably restrict a partner's or assignee's rights
8 ~~[right of access to books and records]~~ under Section 153.552); or

9 (4) Chapter 4, 5, 10, 11, or 12, other than Section
10 11.058.

11 SECTION 56. Section 153.112, Business Organizations Code,
12 is amended to read as follows:

13 Sec. 153.112. RECEIPT OF WRONGFUL DISTRIBUTION. A limited
14 partner who receives a distribution that is not permitted under
15 Section 153.210 is not required to return the distribution unless
16 the limited partner knew that the distribution violated the
17 prohibition of Section 153.210. This section does not affect an
18 obligation of the limited partner under the partnership agreement,
19 another agreement, or other applicable law to return the
20 distribution.

21 SECTION 57. Section 153.552, Business Organizations Code,
22 is amended to read as follows:

23 Sec. 153.552. EXAMINATION OF RECORDS ~~[AND INFORMATION]~~.

24 (a) On written demand ~~[request]~~ stating a proper purpose, a partner
25 or an assignee of a partnership interest in a limited partnership is
26 entitled ~~[may examine and copy, in person or through a~~
27 ~~representative, records required to be kept under Section 153.551~~

1 ~~and other information regarding the business, affairs, and~~
2 ~~financial condition of the limited partnership as is just and~~
3 ~~reasonable for the person]~~ to examine and copy, at a reasonable time
4 at the partnership's principal office identified under Section
5 153.551 or other location approved by the partnership and the
6 partner or assignee, any records of the partnership, whether in
7 written or other tangible form, which are reasonably related to and
8 appropriate to examine and copy for that proper purpose.

9 (b) The examination and copying [~~records requested~~] under
10 Subsection (a) may be conducted by the partner or assignee or
11 through an agent, accountant, or attorney. An agent, accountant,
12 or attorney who conducts an examination and copying under this
13 section is subject to any obligations of the partner or assignee
14 with respect to the records made available for examination and
15 copying [~~examined and copied at a reasonable time and at the~~
16 ~~partner's sole expense~~].

17 (c) On written request by a partner or an assignee of a
18 partnership interest, the partnership shall provide to the
19 requesting partner or assignee without charge copies of:

20 (1) the partnership agreement and certificate of
21 formation and all amendments or restatements; and

22 (2) any tax return described by Section 153.551(a)(2).

23 (d) A demand or request made by a partner or assignee under
24 Subsection (a) or (c) must be made to:

25 (1) the person who is designated to receive the demand
26 or request in the partnership agreement at the address designated
27 in the partnership agreement; or

1 (2) if there is no designation, a general partner at
2 the partnership's principal office in the United States.

3 SECTION 58. Subchapter C, Chapter 154, Business
4 Organizations Code, is amended by adding Section 154.205 to read as
5 follows:

6 Sec. 154.205. RATIFICATION OF VOID OR VOIDABLE ACTS OR
7 TRANSACTIONS. (a) Any act or transaction taken by or with respect
8 to a partnership under this code or a partnership agreement that is
9 void or voidable when taken may be ratified, and the failure to
10 comply with any requirements of the partnership agreement which
11 caused the act or transaction to be void or voidable may be waived,
12 in accordance with this section.

13 (b) An act or transaction may be ratified or waived, as
14 applicable, with the approval of the partners or other persons
15 whose approval would be required under the partnership agreement at
16 the time of the ratification or waiver:

17 (1) for the void or voidable act or transaction to be
18 validly taken; or

19 (2) to amend the partnership agreement in a manner
20 that would permit the void or voidable act or transaction to be
21 validly taken.

22 (c) If the void or voidable act or transaction was the
23 issuance or assignment of any partnership interests, the
24 partnership interests purportedly issued or assigned are deemed to
25 have not been issued or assigned for purposes of determining
26 whether the void or voidable act or transaction is ratified or
27 waived under Subsection (b).

1 (d) Any act or transaction ratified or waived under this
2 section is deemed validly taken at the time the act or transaction
3 occurred.

4 (e) This section may not be construed to limit the
5 accomplishment of a ratification or waiver of a void or voidable act
6 or transaction by other lawful means.

7 SECTION 59. The following provisions of the Business
8 Organizations Code are repealed:

- 9 (1) Section 21.160(d);
10 (2) Sections 21.169(d) and (e);
11 (3) Section 21.354(a-1); and
12 (4) Section 22.158(d).

13 SECTION 60. This Act takes effect September 1, 2023.