

1 AN ACT

2 relating to the formation, organization, management, and records of  
3 certain business organizations.

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

5 SECTION 1. Article 2.23, Texas Limited Liability Company  
6 Act (Article 1528n, Vernon's Texas Civil Statutes), is amended by  
7 adding Section C-1 and amending Sections D, G, and H to read as  
8 follows:

9 C-1. Members or managers may take action at a meeting of the  
10 members or managers or without a meeting in any manner permitted by  
11 the articles of organization, regulations, or this Act. Unless  
12 otherwise provided by the articles of organization or the  
13 regulations, an action is effective if it is taken by:

14 (1) an affirmative vote of those persons having not  
15 fewer than the minimum number of votes that would be necessary to  
16 take the action at a meeting at which all members or managers, as  
17 the case may be, entitled to vote on the action were present and  
18 voted; or

19 (2) consent of each member of the limited liability  
20 company, which may be established by:

21 (a) the member's failure to object to the action  
22 in a timely manner, if the member has full knowledge of the action;

23 (b) consent to the action in writing signed by  
24 the member; or

1                    (c) any other means reasonably evidencing  
2 consent.

3            D. Except as provided in the articles of organization or the  
4 regulations, the affirmative vote, approval, or consent of a  
5 majority of all the members is required to:

6            (1) [~~change the status of the limited liability~~  
7 ~~company from one in which management is reserved to the members to~~  
8 ~~one in which management is vested in one or more managers, or vice~~  
9 ~~versa,~~

10            [~~(2) issue any additional membership interests in the~~  
11 ~~limited liability company subsequent to the issuance of membership~~  
12 ~~interests to the initial members of the limited liability company,~~

13            [~~(3)] approve any merger, consolidation, share or~~  
14 interest exchange, or other transaction authorized by or subject to  
15 the provisions of Part Ten of this Act;

16            (2) [(4)] voluntarily cause the dissolution of the  
17 limited liability company;

18            [~~(5) authorize any transaction, agreement, or action on~~  
19 ~~behalf of the limited liability company that is unrelated to its~~  
20 ~~purpose as set forth in the regulations or articles of organization~~  
21 ~~or that otherwise contravenes the regulations,~~] or

22            (3) [(6)] authorize any act that would make it  
23 impossible to carry on the ordinary business of the limited  
24 liability company.

25            G. Except as provided in the articles of organization or the  
26 regulations, if [~~no capital has been paid into~~] the limited  
27 liability company has no members, has not received any capital, and

1 has not otherwise commenced business, a majority of the managers  
2 named in the articles of organization may amend the articles of  
3 organization or dissolve the limited liability company. Except as  
4 provided by the articles of organization or the regulations, if the  
5 limited liability company has not received any capital, the limited  
6 liability company has not otherwise commenced business, and [~~or if~~]  
7 the management has been reserved to the members, a majority of the  
8 members named in the articles of organization may amend the  
9 articles of organization or dissolve the limited liability company.  
10 In such event, the persons adopting such amendments to the articles  
11 of organization or authorizing such dissolution shall sign and file  
12 with the Secretary of State the articles of amendment provided for  
13 in Articles 3.06 and 3.07 of this Act and the articles of  
14 dissolution provided for in Articles 6.05, 6.07, and 6.08 of this  
15 Act, as appropriate.

16 H. Except as provided in the articles of organization or the  
17 regulations, if any capital has been paid into the limited  
18 liability company or the limited liability company has otherwise  
19 commenced business, the affirmative vote, approval, or consent of  
20 all members is required to amend the articles of organization.

21 SECTION 2. Article 4.01, Texas Limited Liability Company  
22 Act (Article 1528n, Vernon's Texas Civil Statutes), is amended to  
23 read as follows:

24 Art. 4.01. ADMISSION OF MEMBERS AND ISSUANCE OF MEMBERSHIP  
25 INTERESTS. A. A limited liability company may have one or more  
26 members. In connection with the formation of a limited liability  
27 company, a person [~~acquiring an interest as a member~~] becomes a

1 member on the latter of:

2 (1) the date of formation of the limited liability  
3 company; or

4 (2) the date stated in the records of the limited  
5 liability company as the date that the person becomes a member or,  
6 if no date is stated in those records, on the date that the person's  
7 admission is first reflected in the records of the limited  
8 liability company.

9 B. After the formation of a limited liability company, a  
10 person becomes a new member:

11 (1) in the case of a person who is not an assignee of a  
12 membership interest, including a person acquiring a membership  
13 interest directly from the limited liability company and a person  
14 to be admitted as a member of the limited liability company without  
15 acquiring a membership interest, on compliance with the provisions  
16 of the regulations governing admission of new members or, if the  
17 regulations contain no relevant admission provisions, on the  
18 written consent of all members; and

19 (2) in the case of an assignee of a membership  
20 interest, as provided by Section A of Article 4.07 of this Act.

21 B-1. After the formation of a limited liability company, the  
22 limited liability company may issue a membership interest in the  
23 limited liability company to a person on compliance with the  
24 provisions of the regulations governing issuance of membership  
25 interests or, if the regulations contain no relevant issuance  
26 provisions, upon the consent of all members.

27 B-2. (1) The regulations may provide that a person may be

1 admitted as a member of a limited liability company and acquire a  
2 membership interest in the limited liability company, including a  
3 person who will be the sole member, without:

4 (a) making a contribution to the limited  
5 liability company; or

6 (b) assuming an obligation to make a contribution  
7 to the limited liability company.

8 (2) If one or more persons own a membership interest in  
9 a limited liability company, the regulations may provide that a  
10 person may be admitted to the limited liability company as a member  
11 without acquiring a membership interest in the limited liability  
12 company.

13 C. Any person may be a member unless the person lacks  
14 capacity apart from this Act.

15 SECTION 3. Article 5.02-1, Texas Limited Liability Company  
16 Act (Article 1528n, Vernon's Texas Civil Statutes), is amended to  
17 read as follows:

18 Art. 5.02-1. ALLOCATION OF PROFITS AND LOSSES. A. The  
19 profits and losses of a limited liability company shall be  
20 allocated among the members and among classes of members in the  
21 manner provided in the regulations. If the regulations do not  
22 otherwise provide, the profits and losses shall be allocated on the  
23 basis of the agreed value of the contributions made by each member,  
24 as [in accordance with the then current percentage or other  
25 interest in the limited liability company of the members] stated in  
26 limited liability company records of the kind described in Section  
27 A of Article 2.22 of this Act.

1       SECTION 4. Article 5.05, Texas Limited Liability Company  
2 Act (Article 1528n, Vernon's Texas Civil Statutes), is amended to  
3 read as follows:

4       Art. 5.05. WITHDRAWAL OR EXPULSION OF MEMBER. A. A member  
5 may withdraw or be expelled from a limited liability company only at  
6 the time or on the occurrence of events specified in the  
7 regulations.

8       SECTION 5. Article 6.01, Texas Limited Liability Company  
9 Act (Article 1528n, Vernon's Texas Civil Statutes), is amended to  
10 read as follows:

11       Art. 6.01. DISSOLUTION. A. Except as provided by Section B  
12 or C of this Article, a limited liability company shall be dissolved  
13 on the first of the following to occur:

14             (1) the period, if any, fixed for the duration of the  
15 limited liability company expires;

16             (2) the occurrence of events specified in the articles  
17 of organization or regulations to cause dissolution;

18             (3) the action of the members to dissolve the limited  
19 liability company;

20             (4) if no capital has been paid into the limited  
21 liability company and the limited liability company has not  
22 otherwise commenced business, the act of a majority of the managers  
23 or members named in the articles of organization to dissolve the  
24 limited liability company as provided by Section G of Article 2.23  
25 of this Act;

26             (5) except as otherwise provided in the regulations,  
27 [~~upon the death, expulsion, withdrawal pursuant to or as provided~~

1 ~~in the articles of organization or regulations, bankruptcy, or~~  
2 ~~dissolution of a member or~~] the occurrence of any [~~other~~] event that  
3 [~~which~~] terminates the continued membership of the last remaining  
4 [a] member of [~~in~~] the limited liability company; or

5 (6) entry of a decree of judicial dissolution under  
6 Section 6.02 of this Act.

7 B. A limited liability company is not dissolved if an event  
8 of dissolution described by Subsection (1) or [~~7~~] (2) [~~or (5)~~] of  
9 Section A of this Article occurs, there is at least one remaining  
10 member, and the business of the limited liability company is  
11 continued by the vote of the members or class as stated in the  
12 articles of organization or regulations of the limited liability  
13 company, or if not so stated, by all remaining members. Unless  
14 otherwise provided in the articles of organization or in the  
15 regulations, an election to continue the business of the limited  
16 liability company must be made within 90 days after the date of the  
17 occurrence of the event of dissolution. If an election to continue  
18 the business of the limited liability company is made following the  
19 termination of the period fixed for the duration of the limited  
20 liability company or the occurrence of events specified in the  
21 articles of organization to cause dissolution, the election is not  
22 effective unless an appropriate amendment is made by the limited  
23 liability company to its articles of organization during the  
24 three-year period following the date of the event of dissolution,  
25 extending the period fixed for the duration of the limited  
26 liability company or deleting the event specified in the articles  
27 of organization that caused the dissolution, as applicable.

1        C. A limited liability company is not dissolved on the  
2 occurrence of an event of dissolution described by Subsection (5)  
3 of Section A of this Article if the legal representative or  
4 successor of the last remaining member' agrees to continue the  
5 limited liability company and to become a member as of the date of  
6 the termination of the last remaining member's membership in the  
7 limited liability company or designates another person who agrees  
8 to become a member of the limited liability company as of the date  
9 of the termination. Unless otherwise provided in the articles of  
10 organization or in the regulations, the agreement of the legal  
11 representative or successor to continue the limited liability  
12 company and to become a member or the designation of another person  
13 who agrees to become a member must be made not later than 90 days  
14 after the date of termination of the last remaining member's  
15 membership in the limited liability company.

16        SECTION 6. Article 6.06, Texas Limited Liability Company  
17 Act (Article 1528n, Vernon's Texas Civil Statutes), is amended to  
18 read as follows:

19        Art. 6.06. REVOCATION        OF        VOLUNTARY        DISSOLUTION  
20 PROCEEDINGS. A. At any time before the issuance of a certificate  
21 of dissolution by the Secretary of State, or not later than 120 days  
22 after the date of the issuance of the certificate of dissolution, a  
23 limited liability company may revoke voluntary dissolution  
24 proceedings by the written consent of all its members.

25        A-1. After revocation of voluntary dissolution is  
26 authorized as provided in Section A of this Article, the limited  
27 liability company shall, if a certificate of dissolution of the



1 limited liability company has been issued by the Secretary of  
2 State, deliver to the Secretary of State for filing not later than  
3 120 days after the date the certificate was issued, the original and  
4 a copy of the articles of revocation of dissolution executed on  
5 behalf of the limited liability company by a manager or authorized  
6 member, that set forth:

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

8 (2) the date that the revocation of dissolution was  
9 authorized and, if the dissolution has become effective, the  
10 effective date of the dissolution that was revoked; and

11 (3) a statement that the limited liability company  
12 elected to revoke voluntary dissolution proceedings by written  
13 consent of all of its members.

14 A-2. Except as provided by Section A-3 of this Article, if  
15 the Secretary of State finds that the articles of revocation of  
16 dissolution conform to law, the Secretary of State shall, when the  
17 appropriate filing fee is paid as required by law:

18 (1) endorse the original and the copy with the word  
19 "Filed" and the month, day, and year of the filing;

20 (2) file the original in the Secretary of State's  
21 office;

22 (3) issue a certificate of revocation of dissolution  
23 to which the Secretary of State shall affix the copy; and

24 (4) deliver to the limited liability company or its  
25 representative the certificate of revocation of dissolution,  
26 together with the affixed copy.

27 A-3. If the limited liability company's name is the same as

1 or deceptively similar to a name already on file or reserved or  
2 registered as specified in Article 2.03 of this Act, the Secretary  
3 of State shall issue to the limited liability company a certificate  
4 of revocation of dissolution as provided by Section A-2 of this  
5 Article only if the limited liability company contemporaneously  
6 amends its articles of organization to change its name.

7 B. Upon the revocation of voluntary dissolution proceedings  
8 the limited liability company may again carry on its business. If a  
9 limited liability company revokes voluntary dissolution  
10 proceedings prior to the issuance by the Secretary of State of a  
11 certificate of dissolution of the limited liability company, the  
12 limited liability company may again carry on its business as though  
13 voluntary dissolution proceedings had not occurred. If a limited  
14 liability company revokes voluntary dissolution proceedings after  
15 the issuance by the Secretary of State of a certificate of  
16 dissolution of the limited liability company, then on the issuance  
17 by the Secretary of State of a certificate of revocation of  
18 dissolution:

19 (1) the revocation shall be effective;

20 (2) the existence of the limited liability company  
21 shall be deemed to have continued without interruption after the  
22 issuance by the Secretary of State of the certificate of  
23 dissolution;

24 (3) the limited liability company may carry on its  
25 business as though voluntary dissolution proceedings had not  
26 occurred; and

27 (4) the existence of the limited liability company

1 shall continue until the limited liability company is subsequently  
2 dissolved or otherwise ceases to exist under the provisions of this  
3 Act.

4 SECTION 7. Article 7.03, Texas Limited Liability Company  
5 Act (Article 1528n, Vernon's Texas Civil Statutes), is amended to  
6 read as follows:

7 Art. 7.03. LIMITED LIABILITY COMPANY NAME OF FOREIGN  
8 LIMITED LIABILITY COMPANY. A. No certificate of authority shall be  
9 issued to a foreign limited liability company unless the limited  
10 liability company name of the [~~such~~] limited liability company:

11 (1) Shall contain the word "Limited Liability Company"  
12 or "Limited Company" or the abbreviations "L.L.C.," "LLC," "LC," or  
13 "L.C." and shall contain any [~~such~~] additional words [~~as may be~~]  
14 required by law. The word "Limited" may be abbreviated as "Ltd." or  
15 "LTD" and the word "Company" may be abbreviated as "Co." However, a  
16 foreign limited liability company that procured a certificate of  
17 authority to transact business in this state before September 1,  
18 1993, and that complied with this Section on the date of procuring  
19 the certificate, but does not comply with this Section as revised,  
20 is not required to change its name. This subsection does not apply  
21 to a foreign limited liability company that is not characterized as  
22 a limited liability company under the laws of the jurisdiction of  
23 its formation but elects to procure a certificate of authority  
24 pursuant to Article 7.01 of this Act as described by Subsection (9)  
25 of Section A of Article 1.02 of this Act.

26 (2) Shall not contain any word or phrase which  
27 indicates or implies that it is organized for any purpose other than

1 one or more of the purposes contained in its articles of  
2 organization.

3 (3) Shall not be the same as, or deceptively similar  
4 to, the name of any domestic limited liability company, corporation  
5 or limited partnership existing under the laws of this state or of  
6 any foreign limited liability company, corporation or limited  
7 partnership authorized to transact business in this state, or a  
8 name the exclusive right to which is, at the time, reserved or  
9 registered in the manner provided in this Act or any other statute  
10 relating to corporations, partnerships, or other business  
11 entities; provided that a name may be similar if written consent is  
12 obtained from the existing limited liability company, corporation  
13 or limited partnership having the name deemed to be similar or the  
14 person, or limited liability company, for whom the name deemed to be  
15 similar is reserved or registered in the office of the Secretary of  
16 State. A certificate of authority shall be issued as provided in  
17 this Act to any foreign limited liability company having a name the  
18 same as, deceptively similar to, or, if no consent is given, similar  
19 to the name of any limited liability company existing under the laws  
20 of this state or of any foreign limited liability company  
21 authorized to transact business in this state, or a name the  
22 exclusive right to which is, at the time, reserved or registered,  
23 provided such foreign limited liability company qualifies and does  
24 business under a name that meets the requirements of this article.  
25 The foreign limited liability company shall set forth in the  
26 application for a certificate of authority the name under which it  
27 is qualifying and shall file an assumed name certificate as

1 required by law.

2 SECTION 8. Section A, Article 7.05, Texas Limited Liability  
3 Company Act (Article 1528n, Vernon's Texas Civil Statutes), is  
4 amended to read as follows:

5 A. To [~~In order to~~] procure a Certificate of Authority to  
6 transact business in this State, a foreign limited liability  
7 company shall make application therefor to the Secretary of State,  
8 which application shall set forth:

9 (1) The name of the foreign limited liability company  
10 as stated in the company's formation documents or in any amendments  
11 to the company's formation documents in the state or country under  
12 the laws of which it is organized.

13 (2) If the name of the limited liability company does  
14 not contain the word "Limited," "Ltd.," or "L.C." or other word or  
15 abbreviation the company is required to include in its name under  
16 Article 7.03 of this Act, then the name of the foreign limited  
17 liability company with the word or abbreviation which it elects to  
18 add thereto for use in this state; if the foreign limited liability  
19 company is required to qualify under a name other than its foreign  
20 limited liability company name, then the name under which the  
21 foreign limited liability company is to be qualified.

22 (3) The date of organization and the period of  
23 duration of the foreign limited liability company.

24 (4) The address of the principal office of the foreign  
25 limited liability company in the state or country under the laws of  
26 which it is organized.

27 (5) The address of the registered office of the

1 foreign limited liability company in this state, and the name of its  
2 registered agent in this state at such address.

3 (6) The purpose or purposes of the foreign limited  
4 liability company which it proposes to pursue in the transaction of  
5 business in this state and a statement that it is authorized to  
6 pursue such purpose or purposes in the state or country under the  
7 laws of which it is organized.

8 (7) The names and respective addresses of the managers  
9 of the foreign limited liability company.

10 (8) A statement that the limited liability company  
11 exists as a valid entity under the laws of its jurisdiction of  
12 formation.

13 SECTION 9. Section A, Article 7.06, Texas Limited Liability  
14 Company Act (Article 1528n, Vernon's Texas Civil Statutes), is  
15 amended to read as follows:

16 A. The original and a copy of the application of the foreign  
17 limited liability company for a Certificate of Authority shall be  
18 delivered to the Secretary of State [~~, together with a certificate~~  
19 ~~issued by an authorized officer of the jurisdiction of the foreign~~  
20 ~~limited liability company's organization evidencing its existence.~~  
21 ~~If the certificate is in a language other than English, a~~  
22 ~~translation of the certificate, under the oath of the translator,~~  
23 ~~must be attached to the certificate. The certificate must be dated~~  
24 ~~after the 91st day preceding the date on which the application is~~  
25 ~~filed)]. If the Secretary of State finds that the application  
26 conforms to law, the Secretary of State shall, when the appropriate  
27 filing fee is paid as required by law:~~

1 (1) Endorse on the original and a copy the word  
2 "filed," and the month, day, and year of filing thereof.

3 (2) File in the office of the Secretary of State the  
4 original [~~and a certificate evidencing the foreign limited~~  
5 ~~liability company existence~~].

6 (3) Issue a Certificate of Authority to transact  
7 business in this state to which there shall be affixed the copy.

8 SECTION 10. Section A, Article 8.12, Texas Limited  
9 Liability Company Act (Article 1528n, Vernon's Texas Civil  
10 Statutes), is amended to read as follows:

11 A. Subject to Section C of this Article, Articles 2.07,  
12 2.08, 4.14, and 5.14 and Part Seven of the TBCA apply to a limited  
13 liability company and its members, managers, and officers.

14 SECTION 11. Section B, Article 11.04, Texas Limited  
15 Liability Company Act (Article 1528n, Vernon's Texas Civil  
16 Statutes), is amended to read as follows:

17 B. This Article does not prohibit employment by a  
18 professional limited liability company of nurses or of clerks,  
19 secretaries, bookkeepers, technicians, [~~nurses,~~] assistants, and  
20 other individuals who are not usually and ordinarily considered by  
21 custom and practice to be rendering professional service for which  
22 a license or other legal authorization is required. A person may  
23 not, under the guise of employment, practice a profession in this  
24 state unless licensed or otherwise legally authorized to practice  
25 that profession under the laws of this state. To the extent of a  
26 conflict between this section and any other law, this section  
27 controls.

1 SECTION 12. Section 1.02(12), Texas Revised Limited  
2 Partnership Act (Article 6132a-1, Vernon's Texas Civil Statutes),  
3 is amended to read as follows:

4 (12) "Person" includes [~~means~~] an individual,  
5 business trust, registered limited liability partnership,  
6 association, limited liability company, government, governmental  
7 subdivision, governmental agency, governmental instrumentality,  
8 partnership, limited partnership, [~~foreign limited partnership,~~]  
9 trust, estate, corporation, custodian, trustee, executor,  
10 administrator, nominee, or any other legal or commercial entity in  
11 its own or a representative capacity, regardless of whether the  
12 entity is formed under the laws of this state or any other  
13 jurisdiction.

14 SECTION 13. Section 1.03, Texas Revised Limited Partnership  
15 Act (Article 6132a-1, Vernon's Texas Civil Statutes), is amended to  
16 read as follows:

17 Sec. 1.03. PARTNERSHIP NAME. Except as provided by Section  
18 2.14(a)(3) of this Act, the name of a limited partnership as stated  
19 in its certificate of limited partnership, a reserved or registered  
20 name, or the name under which a foreign limited partnership is  
21 permitted to register to do business in Texas as contained in its  
22 application for registration as a foreign limited partnership must  
23 contain the words "Limited Partnership," "Limited," or the  
24 abbreviation "LP," "L.P.," or "Ltd." as the last words or letters of  
25 its name and may not:

26 (1) contain the name of a limited partner unless:

27 (A) that name is also the name of a general



1 partner; or

2 (B) the business of the limited partnership or  
3 foreign limited partnership had been carried on under that name  
4 before the admission of that limited partner;

5 (2) contain a word or phrase indicating or implying  
6 that it is organized other than for a purpose stated in its  
7 partnership agreement;

8 (3) be the same as or deceptively similar to the name  
9 of a corporation, limited liability company, or limited partnership  
10 that exists under the laws of Texas, that has a certificate of  
11 authority to transact business as a foreign corporation or limited  
12 liability company in Texas, or that is registered as a foreign  
13 limited partnership in Texas, or a name that has been reserved or  
14 registered for a corporation, limited liability company, limited  
15 partnership, or foreign limited partnership under the laws of  
16 Texas, except that a limited partnership or foreign limited  
17 partnership may adopt, reserve, or register, as appropriate, a name  
18 that is similar if written consent is obtained from the  
19 corporation, limited liability company, limited partnership, or  
20 foreign limited partnership having the name considered similar or  
21 from the person for whom the name considered similar is reserved or  
22 registered in the office of the secretary of state; or

23 (4) contain a word or phrase indicating or implying  
24 that it is a corporation.

25 SECTION 14. Section 1.06(a), Texas Revised Limited  
26 Partnership Act (Article 6132a-1, Vernon's Texas Civil Statutes),  
27 is amended to read as follows:

1 (a) A limited partnership or foreign limited partnership  
2 subject to this Act shall have and maintain in Texas:

3 (1) a registered office, which need not be a place of  
4 its business in Texas; and

5 (2) a registered agent for service of process on the  
6 partnership, which may be:

7 (A) an individual who is a resident of Texas and  
8 whose business office is the same as the partnership's registered  
9 office; or

10 (B) a person organized under or authorized to  
11 transact business in Texas that has ~~[a domestic corporation or a~~  
12 ~~foreign corporation that has a certificate of authority to transact~~  
13 ~~business in Texas and]~~ a business office that is the same as the  
14 partnership's registered office.

15 SECTION 15. Section 2.11(i), Texas Revised Limited  
16 Partnership Act (Article 6132a-1, Vernon's Texas Civil Statutes),  
17 is amended to read as follows:

18 (i) For purposes of this section, the term "other entity"  
19 means any entity, whether organized for profit or not, that is a  
20 corporation, limited partnership (other than a domestic or foreign  
21 limited partnership), general partnership, limited liability  
22 company, joint venture, joint stock company, cooperative,  
23 association, bank, insurance company or other legal entity  
24 organized pursuant to the laws of this state or any other state or  
25 country to the extent such laws or the constituent documents of that  
26 entity, not inconsistent with such laws, permit that entity to  
27 enter into a merger or partnership interest exchange as permitted

1 by this section.

2 SECTION 16. Section 2.14(a), Texas Revised Limited  
3 Partnership Act (Article 6132a-1, Vernon's Texas Civil Statutes),  
4 is amended to read as follows:

5 (a) A limited partnership is a registered limited liability  
6 partnership as well as a limited partnership if it:

7 (1) registers as a registered limited liability  
8 partnership as provided by Section 3.08(b), Texas Revised  
9 Partnership Act, as permitted by its partnership agreement or, if  
10 its partnership agreement does not include provisions for becoming  
11 a registered limited liability partnership, with the consent of  
12 partners required to amend its partnership agreement;

13 (2) complies with Section 3.08(d), Texas Revised  
14 Partnership Act; and

15 (3) has as the last words or letters of its name the  
16 words "Limited Partnership" or the abbreviation "Ltd." followed by  
17 the words "registered limited liability partnership" or "limited  
18 liability partnership" or the abbreviation "LLP" or "L.L.P."

19 SECTION 17. Section 4.01, Texas Revised Limited Partnership  
20 Act (Article 6132a-1, Vernon's Texas Civil Statutes), is amended to  
21 read as follows:

22 Sec. 4.01. ADMISSION OF [~~ADDITIONAL~~] GENERAL PARTNERS. (a)  
23 After the formation of a limited partnership, additional general  
24 partners may be admitted as provided in a written partnership  
25 agreement or, if a written partnership agreement does not provide  
26 for the admission of additional general partners, with the written  
27 consent of all partners.

1 (b) Any person may be a general partner unless the person  
2 lacks capacity apart from this Act.

3 (c)(1) If provided in a written partnership agreement, a  
4 person may be admitted as a general partner in a limited  
5 partnership, including as the sole general partner, and acquire a  
6 partnership interest in the limited partnership without:

7 (A) making a contribution to the limited  
8 partnership; or

9 (B) assuming an obligation to make a contribution  
10 to the limited partnership.

11 (2) If provided in a written partnership agreement, a  
12 person may be admitted as a general partner in a limited  
13 partnership, including as the sole general partner, without  
14 acquiring a partnership interest in the limited partnership.

15 (d) Nothing contained in this section limits or otherwise  
16 affects the provisions of Section 4.03 of this Act.

17 SECTION 18. Section 5.01, Texas Revised Limited Partnership  
18 Act (Article 6132a-1, Vernon's Texas Civil Statutes), is amended to  
19 read as follows:

20 Sec. 5.01. FORM OF CONTRIBUTION. The contribution of a  
21 [~~limited~~] partner may consist of any tangible or intangible benefit  
22 to the limited partnership or other property of any kind or nature,  
23 including cash, a promissory note, services performed, a contract  
24 for services to be performed, other interests in or securities of  
25 the limited partnership, or interests in or securities of any other  
26 limited partnership, domestic or foreign, or other entity.

27 SECTION 19. Section 3.08(c), Texas Revised Partnership Act

1 (Article 6132b-3.08, Vernon's Texas Civil Statutes), is amended to  
2 read as follows:

3 (c) Name. A registered limited liability partnership's  
4 name must contain the words "registered limited liability  
5 partnership" or "limited liability partnership" or the  
6 abbreviation "LLP" or "L.L.P." as the last words or letters of its  
7 name.

8 SECTION 20. Section 4.04(a), Texas Revised Partnership Act  
9 (Article 6132b-4.04, Vernon's Texas Civil Statutes), is amended to  
10 read as follows:

11 (a) Duties. A partner owes to the partnership, ~~and~~ the  
12 other partners, and transferees of deceased partners designated in  
13 Section 5.04(b):

14 (1) a duty of loyalty; and

15 (2) a duty of care.

16 SECTION 21. Section 6.01(b), Texas Revised Partnership Act  
17 (Article 6132b-6.01, Vernon's Texas Civil Statutes), is amended to  
18 read as follows:

19 (b) Event of Withdrawal. An event of withdrawal of a  
20 partner occurs on:

21 (1) receipt by the partnership of notice of the  
22 partner's express will to withdraw as a partner on the date of  
23 receipt of the notice or on a later date specified in the notice;

24 (2) an event specified in the partnership agreement as  
25 causing the partner's withdrawal;

26 (3) the partner's expulsion as provided in the  
27 partnership agreement;

1           (4) the partner's expulsion by the vote of a  
2 majority-in-interest of the other partners if:

3           (A) it is unlawful to carry on the partnership  
4 business with that partner;

5           (B) there has been a transfer of all or  
6 substantially all of that partner's partnership interest, other  
7 than:

8           (i) a transfer for security purposes that  
9 has not been foreclosed; or

10           (ii) the substitution of a successor  
11 trustee or successor personal representative;

12           (C) within 90 days after the date the partnership  
13 notifies a corporate partner that it will be expelled because it has  
14 filed a certificate of dissolution or the equivalent, its charter  
15 has been revoked, or its right to conduct business has been  
16 suspended by the jurisdiction of its incorporation, the certificate  
17 of dissolution is not revoked or its charter or its right to conduct  
18 business is not reinstated; or

19           (D) an event requiring a winding up has occurred  
20 with respect to a partnership that is a partner;

21           (5) the partner's expulsion by judicial decree, on  
22 application by the partnership or another partner for the partner's  
23 expulsion, if the decree determines that [~~by judicial decree~~  
24 ~~because~~]:

25           (A) the partner engaged in wrongful conduct that  
26 adversely and materially affected the partnership business;

27           (B) the partner wilfully or persistently

1 committed a material breach of the partnership agreement or of a  
2 duty owed to the partnership or the other partners under Section  
3 4.04; or

4 (C) the partner engaged in conduct relating to  
5 the partnership business that made it not reasonably practicable to  
6 carry on the business in partnership with that partner;

7 (6) the partner:

8 (A) becoming a debtor in bankruptcy;

9 (B) executing an assignment for the benefit of  
10 creditors;

11 (C) seeking, consenting to, or acquiescing in the  
12 appointment of a trustee, receiver, or liquidator of that partner  
13 or of all or substantially all of that partner's property; or

14 (D) failing, within 90 days after the  
15 appointment, to have vacated or stayed the appointment of a  
16 trustee, receiver, or liquidator of the partner or of all or  
17 substantially all of the partner's property obtained without the  
18 partner's consent or acquiescence, or failing within 90 days after  
19 the date of expiration of a stay to have the appointment vacated;

20 (7) in the case of a partner who is an individual:

21 (A) the partner's death;

22 (B) the appointment of a guardian or general  
23 conservator for the partner; or

24 (C) a judicial determination that the partner has  
25 otherwise become incapable of performing the partner's duties under  
26 the partnership agreement;

27 (8) termination of a partner's existence;

1           (9) in the case of a partner that has transferred all  
2 of the partner's partnership interest, redemption of the  
3 transferee's interest under Sections 7.01(n)-(r);

4           (10) an agreement to continue the partnership under  
5 Section 8.01(g) if the partnership has received a notice from the  
6 partner under Section 8.01(g) requesting that the partnership be  
7 wound up; or

8           (11) a conversion of the partnership if the partner:

9                   (A) did not consent to the conversion; and

10                   (B) failed to notify the partnership in writing  
11 of the partner's desire not to withdraw within 60 days after the  
12 later of:

13                           (i) the effective date of the conversion;

14 or

15                           (ii) the date the partner receives actual  
16 notice of the conversion.

17           SECTION 22. Subchapter B, Chapter 405, Government Code, is  
18 amended by adding Section 405.020 to read as follows:

19           Sec. 405.020. PUBLIC RECORDS. (a) The secretary of state  
20 shall permanently maintain as a public record any instrument, or  
21 the information included in any instrument, that is filed with the  
22 secretary of state evidencing the organization of, or otherwise in  
23 connection with, any entity formed under the laws of this state.

24           (b) The secretary of state shall maintain the records  
25 required under Subsection (a) in any form the secretary of state  
26 considers appropriate.

27           SECTION 23. Section 405.020, Government Code, as added by



1 this Act, applies only to an instrument or information:

2 (1) on file with the secretary of state on the  
3 effective date of this Act; or

4 (2) filed with the secretary of state after the  
5 effective date of this Act.

6 SECTION 24. This Act takes effect September 1, 2003.

Raid Newhart

President of the Senate

Jim Cusick

Speaker of the House

I certify that H.B. No. 1637 was passed by the House on April 23, 2003, by a non-record vote; and that the House concurred in Senate amendments to H.B. No. 1637 on May 22, 2003, by a non-record vote.

Robert Haney  
Chief Clerk of the House

I certify that H.B. No. 1637 was passed by the Senate, with amendments, on May 20, 2003, by the following vote: Yeas 31, Nays 0.

Atty Snow  
Secretary of the Senate

APPROVED: 20 JUN '03

Date

Rick Perry  
Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
10:30 PM O'CLOCK

June 20 2003  
Ann Shea  
Secretary of State