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Aug. 26, 2005

Dear esteemed client:

Subject: Changes in state filings for business entities,
effective Thursday, Sept. 1, 2005

Several changes to the Texas statutes that govern business organizations take effect Sept. 1, 2005. Below is a digest of a number of changes affecting the most frequent Secretary of State filings, as well as corporate bylaws and share certificates.

Lawyer's Aid Service has updated its own forms and materials to reflect the Sept. 1 changes. For more information, please note the statutory cites included. The digest below is by no means comprehensive, but we hope you find it useful.

General and state fee changes

- 1) **Certificates of Fact** and the certification page for **certified copies rise in price** by \$5. On an expedited basis, Certificates of Fact cost \$25, while certified copies have a base price of \$25 per entity, plus \$1 per page of copies (plus \$20 Lawyer's Aid fee, unchanged).
- 2) The **price for an apostille rises** from \$10 to \$15, except an apostille for an adoption, which remains \$10 (plus \$20 Lawyer's Aid fee, unchanged).
- 3) **When the intent is to defraud or harm**, the penalty for signing and filing at the Secretary of State a document that the person knows to be materially false rises from a Class A misdemeanor to a **state jail felony**. (TBCA 10.02B)

Texas Business Corporation Act (TBCA)

Changes affecting domestic corporations

- 1) **Name reservations** now may be renewed in advance. The 120-day reservation can be filed any day in the last 30 days of a current reservation. (TBCA 2.06B)
- 2) **"Limited" and "Ltd."** are new acceptable name endings like "Inc.," "Corp.," etc., for regular for-profit corporations. (TBCA 2.05A1)
- 3) **Articles of Amendment** are no longer required to state the date of adoption. (TBCA 4.04B3)
- 4) **Plans of merger** must now include the entity type and jurisdiction of formation for each entity that is party to the merger. Other merger provisions change also. (TBCA 5.01)

Changes affecting foreign corporations

- 1) **Foreign name reservations** must include a statement that the "corporation validly exists." A home state Certificate of Existence (often called Certificate of Good Standing in other states) is no longer needed. (TBCA 2.07B1 & 1b)
- 2) If a **foreign corporation changes its name or its Texas business purpose**, it must file an Application for Amendment within 90 days or its certificate of authority may be revoked. (TBCA 8.13 & 8.16B3)

Changes affecting corporate bylaws and share certificates

- 1) Share certificates need not list limitations on **preemptive rights**. (TBCA 2.19B)
- 2) For **annual meetings**, a shareholder applying to a court to require that a corporation hold an annual meeting must have previously submitted a written request to the corporation for such a meeting. (TBCA 2.24B)

Texas Limited Liability Company Act (TLLCA)

- 1) **Articles of Amendment now require a signature** of only an authorized member or authorized manager, and not of a majority of members or managers. (TLLCA 3.06A) A similar change affects Restated Articles of Organization. (TLLCA 3.09D)
- 2) With an **LLC dissolution**, if the company has no members nor paid-in capital and has not commenced business, Articles of Dissolution may simply state that the articles are being adopted under Sec. G of Art. 2.23 and no longer need mention a vote. (TLLCA 6.07A5)
- 3) **If the membership of an LLC's last member ends**, a legal representative or successor winds up the company. (TLLCA 6.03A)

Texas Revised Limited Partnership Act (TRLPA)

- 1) **A limited partnership may now convert** into a limited partnership and a general partnership. (TRLPA 2.15h4)
- 2) Other **LP conversion** provisions also change. (TRLPA 2.15)
- 3) **Limited partnerships have revised procedures for voluntary cancellation** and its revocation, including a new option to revoke cancellation by written consent of all partners within 120 days of filing the cancellation. (TRLPA 2.03-A)

If you'd like to be sure to get early notice of future changes in business-entity filings, such as the major revisions coming Jan. 1, 2005, please email your email address to maindesk@LawyersAidService.com.

Please call on us for your next filing or retrieval,

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