

BUSINESS ORGANIZATIONS CODE

TITLE 2. CORPORATIONS

CHAPTER 22. NONPROFIT CORPORATIONS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 22.001. DEFINITIONS. In this chapter:

(1) "Board of directors" means the group of persons vested with the management of the affairs of the corporation, regardless of the name used to designate the group.

(2) "Bylaws" means the rules adopted to regulate or manage the corporation, regardless of the name used to designate the rules.

(3) "Corporation" or "domestic corporation" means a domestic nonprofit corporation subject to this chapter.

(3-a) "Director" means a person who is a member of the board of directors, regardless of the name or title used to designate the person. The term does not include a person designated as a director of the corporation, or as an ex officio, honorary, or other type of director of the corporation if the person is not entitled to vote as a director.

(4) "Foreign corporation" means a foreign nonprofit corporation.

(5) "Nonprofit corporation" means a corporation no part of the income of which is distributable to a member, director, or officer of the corporation, except as provided by Section [22.054](#).

(6) "Ordinary care" means the care that an ordinarily prudent person in a similar position would exercise under similar circumstances.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 121 (S.B. [1233](#)), Sec. 1, eff. May 23, 2015.

Acts 2019, 86th Leg., R.S., Ch. 665 (S.B. [1971](#)), Sec. 16, eff. September 1, 2019.

Sec. 22.002. MEETINGS BY REMOTE COMMUNICATIONS TECHNOLOGY. A meeting of the members of a corporation, the board of directors of a corporation, or any committee designated by the board of directors of a corporation may be held by means of a conference telephone or similar communications equipment, another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination of those means, in accordance with Section [6.002](#).

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 665 (S.B. [1971](#)), Sec. 17, eff. September 1, 2019.

SUBCHAPTER B. PURPOSES AND POWERS

Sec. 22.051. GENERAL PURPOSES. A nonprofit corporation may be formed for any lawful purpose or purposes not expressly prohibited under this chapter or Chapter 2, including any purpose described by Section 2.002.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

~~Sec. 22.052. DENTAL HEALTH SERVICE CORPORATION. NA~~

~~Sec. 22.053. DIVIDENDS PROHIBITED. NA~~

~~Sec. 22.054. AUTHORIZED BENEFITS AND DISTRIBUTIONS NA~~

~~Sec. 22.055. POWER TO ASSIST EMPLOYEE OR OFFICER. NA~~

~~Sec. 22.056. HEALTH ORGANIZATION CORPORATION. NA~~

~~Sec. 22.0561. CORPORATIONS FORMED BY PHYSICIANS AND PHYSICIAN ASSISTANTS. NA~~

SUBCHAPTER C. FORMATION AND GOVERNING DOCUMENTS

Sec. 22.101. INCORPORATION OF CERTAIN ORGANIZATIONS. A religious society, a charitable, benevolent, literary, or social association, or a church may incorporate as a corporation governed by this chapter with the consent of a majority of its members. Those members shall authorize the organizers to execute the certificate of formation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.102. BYLAWS. (a) The initial bylaws of a corporation shall be adopted by the corporation's board of directors or, if the management of the corporation is vested in the corporation's members, by the members.

(b) The bylaws may contain provisions for the regulation and management of the affairs of the corporation that are consistent with law and the certificate of formation.

(c) The board of directors may amend or repeal the bylaws, or adopt new bylaws, unless:

- (1) this chapter or the corporation's certificate of formation wholly or partly reserves the power exclusively to the corporation's members;
- (2) the management of the corporation is vested in the corporation's members; or
- (3) in amending, repealing, or adopting a bylaw, the members expressly provide that the board of directors may not amend or repeal the bylaw.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.103. INCONSISTENCY BETWEEN CERTIFICATE OF FORMATION AND BYLAW. (a) A provision of a certificate of formation of a corporation that is inconsistent with a bylaw controls over the bylaw, except as provided by Subsection (b).

(b) A change in the number of directors by amendment to the bylaws controls over the number stated in the certificate of formation, unless the certificate of formation provides that a change in the number of directors may be made only by amendment to the certificate.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.104. ORGANIZATION MEETING. (a) After the certificate of formation is filed, the board of directors named in the certificate of formation of a corporation shall hold an organization meeting of the board, either in or out of this state, at the call of the organizers or a majority of the directors to adopt bylaws and elect officers and for other purposes determined by the board at the meeting. The organizers or directors calling the meeting shall send notice of the time and place of the meeting to each director named in the certificate of formation not later than the third day before the date of the meeting.

(b) A first meeting of the members may be held at the call of the majority of the directors on notice provided not later than the third day before the date of the meeting. The notice must state the purposes of the meeting.

(c) If the management of a corporation is vested in the corporation's members, the members shall hold the organization meeting on the call of an organizer. An organizer who calls the meeting shall:

(1) send notice of the time and place of the meeting to each member not later than the third day before the date of the meeting;

(2) if the corporation is a church, make an oral announcement of the time and place of the meeting at a regularly scheduled worship service before the meeting; or

(3) send notice of the meeting in the manner provided by the certificate of formation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Amended by:

Acts 2005, 79th Leg., Ch. 64 (H.B. 1319), Sec. 66, eff. January 1, 2006.

Sec. 22.105. PROCEDURES TO ADOPT AMENDMENT TO CERTIFICATE OF FORMATION BY MEMBERS HAVING VOTING RIGHTS. (a) Except as provided by Section 22.107(b), to amend the certificate of formation of a corporation with members having voting rights, the board of directors of the corporation must adopt a resolution specifying the proposed amendment and directing that the amendment be submitted to a vote at an annual or special meeting of the members having voting rights.

(b) Written notice containing the proposed amendment or a summary of the changes to be effected by the amendment shall be given to each member entitled to vote at the meeting within the time and in the manner provided by this chapter for giving notice of a meeting of members.

(c) The proposed amendment shall be adopted on receiving the vote required by Section 22.164.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.106. PROCEDURES TO ADOPT AMENDMENT TO CERTIFICATE OF FORMATION BY MANAGING MEMBERS.

(a) To be approved, a proposed amendment to the certificate of formation of a corporation the

management of the affairs of which is vested in the corporation's members under Section 22.202 must be submitted to a vote at an annual, regular, or special meeting of the members.

(b) Except as otherwise provided by the certificate of formation or bylaws, notice containing the proposed amendment or a summary of the changes to be effected by the amendment shall be given to the members within the time and in the manner provided by this chapter for giving notice of a meeting of members.

(c) The proposed amendment shall be adopted on receiving the vote required by Section 22.164.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.107. PROCEDURES TO ADOPT AMENDMENT TO CERTIFICATE OF FORMATION BY BOARD OF DIRECTORS. (a) If a corporation has no members or has no members with voting rights, or in the case of an amendment under Subsection (b), an amendment to the corporation's certificate of formation shall be adopted at a meeting of the board of directors on receiving the vote of directors required by Section 22.164.

(b) Except as otherwise provided by the certificate of formation, the board of directors of a corporation with members having voting rights may, without member approval, adopt amendments to the certificate of formation to:

(1) extend the duration of the corporation if the corporation was incorporated when limited duration was required by law;

(2) delete the names and addresses of the initial directors;

(3) delete the name and address of the initial registered agent or registered office, if a statement of change is on file with the secretary of state; or

(4) change the corporate name by:

(A) substituting the word "corporation," "incorporated," "company," or "limited," or the abbreviation "corp.," "inc.," "co.," or "ltd.," for a similar word or abbreviation in the name; or

(B) adding, deleting, or changing a geographical attribution to the name.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.108. NUMBER OF AMENDMENTS SUBJECT TO VOTE AT MEETING. Any number of amendments to the corporation's certificate of formation may be submitted to and voted on by a corporation's members at any one meeting of the members.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.109. RESTATED CERTIFICATE OF FORMATION. (a) A corporation may adopt a restated certificate of formation as provided by Subchapter B, Chapter 3, by following the same procedure to amend its certificate of formation provided by Sections 22.104-22.107, except that:

(1) member approval is required only if the restated certificate of formation contains an amendment; and

(2) the members may consent in writing, or the organizers of a corporation may adopt a resolution, to authorize a restated certificate of formation that contains an amendment to cancel an event requiring winding up in accordance with Section 22.302(1)(B) or 22.302(2), as applicable.

(b) A person shall file a restated certificate of formation as provided by Chapter 4, and the restated certificate of formation takes effect as provided by Subchapter B, Chapter 3.

Added by Acts 2005, 79th Leg., Ch. 64 (H.B. 1319), Sec. 67, eff. January 1, 2006.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 32 (S.B. 860), Sec. 27, eff. September 1, 2015.

SUBCHAPTER D. MEMBERS

Sec. 22.151. MEMBERS. (a) A corporation may have one or more classes of members or may have no members.

(b) If the corporation has one or more classes of members, the corporation's certificate of formation or bylaws must include:

- (1) a designation of each class;
- (2) the manner of the election or appointment of the members of each class; and
- (3) the qualifications and rights of the members of each class.

(c) A corporation may issue a certificate, card, or other instrument evidencing membership rights, voting rights, or ownership rights as authorized by the certificate of formation or bylaws.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.152. IMMUNITY FROM LIABILITY. The members of a corporation are not personally liable for a debt, liability, or obligation of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.153. ANNUAL MEETING. (a) Except as provided by Subsection (b), a corporation shall hold an annual meeting of the members at a time that is stated in or determined in accordance with the corporation's bylaws.

(b) If the bylaws provide for more than one regular meeting of members each year, an annual meeting is not required. If an annual meeting is not required, directors may be elected at a meeting as provided by the bylaws.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.154. FAILURE TO CALL ANNUAL MEETING. (a) If the board of directors of a corporation fails to call the annual meeting of members when required, a member of the corporation may demand that the meeting be held within a reasonable time. The demand must be made in writing

and sent to an officer of the corporation by certified or registered mail, return receipt requested, or by other means specified in the corporation's governing documents.

(b) If a required annual meeting is not called before the 61st day after the date of demand, a member of the corporation may compel the holding of the meeting by legal action directed against the board of directors, and each of the extraordinary writs of common law and of courts of equity are available to the member to compel the holding of the meeting. Each member has a justiciable interest sufficient to enable the member to institute and prosecute the legal proceedings.

(c) Failure to hold a required annual meeting at the designated time does not result in the winding up and termination of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 688 (H.B. 1737), Sec. 87, eff. September 1, 2007.

Acts 2017, 85th Leg., R.S., Ch. 75 (S.B. 1518), Sec. 28, eff. September 1, 2017.

Sec. 22.155. SPECIAL MEETINGS OF MEMBERS. A special meeting of the members of a corporation may be called by:

- (1) the president;
- (2) the board of directors;
- (3) members having not less than one-tenth of the votes entitled to be cast at the

meeting; or

(4) other officers or persons as provided by the certificate of formation or bylaws of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.156. NOTICE OF MEETING. (a) A corporation other than a church shall provide written notice of the place, date, and time of a meeting of the members of the corporation and, if the meeting is a special meeting, the purpose or purposes for which the meeting is called. The notice shall be delivered to each member entitled to vote at the meeting not later than the 10th day and not earlier than the 60th day before the date of the meeting. Notice may be delivered personally or in accordance with Section 6.051(b).

(b) Notice of a meeting of the members of a corporation that is a church is sufficient if given by oral announcement at a regularly scheduled worship service before the meeting or as otherwise provided by the certificate of formation or bylaws of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.157. SPECIAL BYLAWS AFFECTING NOTICE. (a) A corporation may provide in the corporation's bylaws that notice of an annual or regular meeting is not required.

(b) A corporation having more than 1,000 members at the time a meeting is scheduled or called may provide notice of a meeting by publication in a newspaper of general circulation in the community in which the principal office of the corporation is located, if the corporation provides for that notice in its bylaws.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.158. PREPARATION AND INSPECTION OF LIST OF VOTING MEMBERS. (a) After setting a record date for the notice of a meeting, a corporation shall prepare an alphabetical list of the names of all its voting members. The list must identify:

(1) the members who are entitled to notice and the members who are not entitled to notice of the meeting;

(2) the address of each voting member; and

(3) the number of votes each voting member is entitled to cast at the meeting.

(b) Not later than the second business day after the date notice is given of a meeting for which a list was prepared in accordance with Subsection (a), and continuing through the meeting, the list of voting members must be available at the corporation's principal office or at a reasonable place in the municipality in which the meeting will be held, as identified in the notice of the meeting, for inspection by members entitled to vote at the meeting for the purpose of communication with other members concerning the meeting.

(c) A voting member or voting member's agent or attorney is entitled on written demand to inspect and, at the member's expense and subject to Section 22.351, copy the list at a reasonable time during the period the list is available for inspection.

(d) The corporation shall make the list of voting members available at the meeting. A voting member or voting member's agent or attorney is entitled to inspect the list at any time during the meeting or an adjournment of the meeting.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.159. QUORUM OF MEMBERS. (a) Unless otherwise provided by the certificate of formation or bylaws of a corporation, members of the corporation holding one-tenth of the votes entitled to be cast, in person or by proxy, constitute a quorum.

(b) The vote of the majority of the votes entitled to be cast by the members present or represented by proxy at a meeting at which a quorum is present is the act of the members meeting, unless the vote of a greater number is required by law or the certificate of formation or bylaws.

(c) Unless otherwise provided by the certificate of formation or bylaws, a church incorporated before May 12, 1959, is considered to have provided in the certificate of formation or bylaws that members present at a meeting for which notice has been given constitute a quorum.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.160. VOTING OF MEMBERS. (a) Each member of a corporation, regardless of class, is entitled to one vote on each matter submitted to a vote of the corporation's members, except to the extent that the voting rights of members of a class are limited, enlarged, or denied by the certificate of formation or bylaws of the corporation.

(b) A member may vote in person or, unless otherwise provided by the certificate of formation or bylaws, by proxy executed in writing by the member or the member's attorney-in-fact.

(c) Unless otherwise provided by the proxy, a proxy is revocable and expires 11 months after the date of its execution. A proxy may not be irrevocable for longer than 11 months.

(d) If authorized by the certificate of formation or bylaws of the corporation, a member vote on any matter may be conducted by mail, by facsimile transmission, by electronic message, or by any combination of those methods.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.161. ELECTION OF DIRECTORS. (a) A member entitled to vote at an election of directors is entitled to vote, in person or by proxy, for as many persons as there are directors to be elected and for whose election the member has a right to vote.

(b) If expressly authorized by the corporation's certificate of formation, the member may cumulate the member's vote by:

(1) giving one candidate a number of votes equal to the number of the directors to be elected multiplied by the member's vote; or

(2) distributing the votes on the same principle among any number of the candidates.

(c) A member who intends to cumulate votes under Subsection (b) shall give written notice of the member's intention to the secretary of the corporation not later than the day preceding the date of the election.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.162. GREATER VOTING REQUIREMENTS UNDER CERTIFICATE OF FORMATION. If the corporation's certificate of formation requires the vote or concurrence of a greater proportion of the members of a corporation than is required by this chapter with respect to an action to be taken by the members, the certificate of formation controls.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.163. RECORD DATE FOR DETERMINATION OF MEMBERS. (a) The record date for determining members of a corporation may be set as provided by Section [6.101](#).

(b) If a record date is not set under Section [6.101](#):

(1) members on the date of the meeting who are otherwise eligible to vote are entitled to vote at the meeting;

(2) members at the close of business on the business day preceding the date notice is given, or if notice is waived, at the close of business on the business day preceding the date of the meeting, are entitled to notice of a meeting of members; and

(3) members at the close of business on the later of the day the board of directors adopts the resolution relating to the action or the 60th day before the date of the action are entitled to exercise any rights regarding any other lawful action.

(c) The record date for the determination of members entitled to notice of or to vote at a meeting is effective for an adjournment of the meeting unless the board of directors of a corporation sets a new date for determining the right to notice of or to vote at the adjournment.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 688 (H.B. 1737), Sec. 88, eff. September 1, 2007.

Sec. 22.164. VOTE REQUIRED TO APPROVE FUNDAMENTAL ACTION. (a) In this section, "fundamental action" means:

- (1) an amendment of a certificate of formation, including an amendment required for the cancellation of an event requiring winding up in accordance with Section 11.152(b);
- (2) a voluntary winding up under Chapter 11;
- (3) a revocation of a voluntary decision to wind up under Section 11.151;
- (4) a cancellation of an event requiring winding up under Section 11.152(a);
- (5) a reinstatement under Section 11.202;
- (6) a distribution plan under Section 22.305;
- (7) a plan of merger under Subchapter F;
- (8) a sale of all or substantially all of the assets of a corporation under Subchapter F;
- (9) a plan of conversion under Subchapter F; or
- (10) a plan of exchange under Subchapter F.

(b) Except as otherwise provided by Subsection (c) or (d) or the certificate of formation in accordance with Section 22.162, the vote required for approval of a fundamental action is:

- (1) at least two-thirds of the votes that members present in person or by proxy are entitled to cast at the meeting at which the action is submitted for a vote, if the corporation has members with voting rights;
- (2) at least two-thirds of the votes of members present at the meeting at which the action is submitted for a vote, if the management of the affairs of the corporation is vested in the corporation's members under Section 22.202; or
- (3) the affirmative vote of the majority of the directors in office, if the corporation has no members or has no members with voting rights.

(c) If any class of members is entitled to vote on the fundamental action as a class by the terms of the certificate of formation or the bylaws, the vote required for the approval of the

fundamental action is the vote required by Subsection (b) (1) and at least two-thirds of the votes that the members of each class in person or by proxy are entitled to cast at the meeting at which the action is submitted for a vote.

(d) If the corporation has no members or has no members with voting rights and the corporation does not hold any assets and has not solicited any assets or otherwise engaged in activities, the vote required for approval of a fundamental action consisting of an amendment to the certificate of formation to cancel an event requiring winding up or any of the actions described by Subsections (a) (2) through (a) (6) is the affirmative vote of a majority of the organizers or a majority of the directors in office.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 688 (H.B. 1737), Sec. 89, eff. September 1, 2007.

Acts 2015, 84th Leg., R.S., Ch. 32 (S.B. 860), Sec. 28, eff. September 1, 2015.

SUBCHAPTER E. MANAGEMENT

Sec. 22.201. MANAGEMENT BY BOARD OF DIRECTORS. Except as provided by Section 22.202, the affairs of a corporation are managed by a board of directors. The board of directors may be designated by any name appropriate to the customs, usages, or tenets of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.202. MANAGEMENT BY MEMBERS. (a) The certificate of formation of a corporation may vest the management of the affairs of the corporation in the members of the corporation. If the corporation has a board of directors, the corporation may limit the authority of the board to the extent provided by the certificate of formation or bylaws.

(b) A corporation is considered to have vested the management of the corporation's affairs in the board of directors of the corporation in the absence of a provision to the contrary in the certificate of formation, unless the corporation is a church organized and operating under a congregational system that:

(1) was incorporated before January 1, 1994; and

(2) has the management of its affairs vested in the corporation's members.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.203. BOARD MEMBER ELIGIBILITY REQUIREMENTS. A director of a corporation is not required to be a resident of this state or a member of the corporation unless the certificate of formation or a bylaw of the corporation imposes that requirement. The certificate of formation or bylaws may prescribe other qualifications for directors.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.204. NUMBER OF DIRECTORS. (a) If the corporation has a board of directors, a corporation may not have fewer than three directors. The number of directors shall be set by, or in the manner provided by, the certificate of formation or bylaws of the corporation, except that the number of directors on the initial board of directors must be set by the certificate of formation.

(b) The number of directors may be increased or decreased by amendment to, or in the manner provided by, the certificate of formation or bylaws. A decrease in the number of directors may not shorten the term of an incumbent director.

(c) In the absence of a provision of the certificate of formation or a bylaw setting the number of directors or providing for the manner in which the number of directors shall be determined, the number of directors is the same as the number constituting the initial board of directors.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.205. DESIGNATION OF INITIAL BOARD OF DIRECTORS. If the corporation is to be managed by a board of directors, the certificate of formation of a corporation must state the names of the members of the initial board of directors of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.206. ELECTION OR APPOINTMENT OF BOARD OF DIRECTORS. Directors other than the initial directors are elected, appointed, or designated in the manner provided by the certificate of formation or bylaws. If the method of election, designation, or appointment is not provided by the certificate of formation or bylaws, directors other than the initial directors are elected by the board of directors.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.207. ~~ELECTION AND CONTROL BY CERTAIN ENTITIES.~~ **NA**

Sec. 22.208. TERM OF OFFICE. (a) Unless the director resigns or is removed, a director on the initial board of directors of a corporation holds office until the first annual election of directors or for the period specified in the certificate of formation or bylaws of the corporation. Directors other than the initial directors are elected, appointed, or designated for the terms provided by the certificate of formation or bylaws.

(b) In the absence of a provision in the certificate of formation or bylaws setting the term of office for directors, a director holds office until the next annual election of directors and until a successor is elected, appointed, or designated and qualified.

(c) A director may be removed from office as provided in Section [22.211](#).

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Amended by:

Acts 2005, 79th Leg., Ch. 64 (H.B. 1319), Sec. 68, eff. January 1, 2006.

Sec. 22.209. CLASSIFICATION OF DIRECTORS. Directors may be divided into classes. The terms of office of the several classes are not required to be uniform.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.210. NON-DIRECTOR RIGHTS AND LIMITATIONS. The certificate of formation or bylaws of a corporation may provide that a person who is not a director is entitled to receive notice of and to attend meetings of the board of directors. By having those rights, the person does not have the authority, duties, or liabilities of a director and is not a governing person of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 665 (S.B. 1971), Sec. 18, eff. September 1, 2019.

Sec. 22.211. REMOVAL OF DIRECTOR. (a) A director of a corporation may be removed from office under any procedure provided by the certificate of formation or bylaws of the corporation.

(b) In the absence of a provision for removal in the certificate of formation or bylaws, a director may be removed from office, with or without cause, by the persons entitled to elect, designate, or appoint the director. If the director was elected to office, removal requires an affirmative vote equal to the vote necessary to elect the director.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.2111. RESIGNATION OF DIRECTOR. Except as provided by the certificate of formation or bylaws, a director of a corporation may resign at any time by providing written notice to the corporation.

Added by Acts 2005, 79th Leg., Ch. 64 (H.B. 1319), Sec. 69, eff. January 1, 2006.

Sec. 22.212. VACANCY. (a) Unless otherwise provided by the certificate of formation or bylaws of the corporation, a vacancy in the board of directors of a corporation shall be filled by the affirmative vote of the majority of the remaining directors, regardless of whether that majority is less than a quorum. A director elected to fill a vacancy is elected for the unexpired term of the member's predecessor in office.

(b) A vacancy in the board occurring because of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of members called for that purpose. If a corporation has no members or has no members with the right to vote on the vacancy, the vacancy shall be filled as provided by the certificate of formation or bylaws.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.213. QUORUM. (a) A quorum for the transaction of business by the board of directors of a corporation is the lesser of:

(1) the majority of the number of directors set by the corporation's bylaws or, in the absence of a bylaw setting the number of directors, a majority of the number of directors stated in the corporation's certificate of formation; or

(2) any number, not less than three, set as a quorum by the certificate of formation or bylaws.

(b) A director present by proxy at a meeting may not be counted toward a quorum.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.214. ACTION BY DIRECTORS. The act of a majority of the directors present in person or by proxy at a meeting at which a quorum is present at the time of the act is the act of the board of directors of a corporation, unless the act of a greater number is required by the certificate of formation or bylaws of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 75 (S.B. [1518](#)), Sec. 29, eff. September 1, 2017.

Sec. 22.215. VOTING IN PERSON OR BY PROXY. A director of a corporation may vote in person or, if authorized by the certificate of formation or bylaws of the corporation, by proxy executed in writing by the director.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.216. TERM AND REVOCABILITY OF PROXY. (a) A proxy expires three months after the date the proxy is executed.

(b) A proxy is revocable unless otherwise provided by the proxy or made irrevocable by law.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.217. NOTICE OF MEETING; WAIVER OF NOTICE. (a) Regular meetings of the board of directors of a corporation may be held with or without notice as prescribed by the corporation's bylaws.

(b) Special meetings of the board of directors shall be held with notice as prescribed by the bylaws. Attendance of a director at a meeting constitutes a waiver of notice, unless the director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(c) Unless required by the bylaws, the business to be transacted at, or the purpose of, a regular or special meeting of the board of directors is not required to be specified in the notice or waiver of notice of the meeting.

(d) Notice may be delivered personally or in accordance with Section 6.051(b).

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.218. MANAGEMENT COMMITTEE. (a) If authorized by the certificate of formation or bylaws of the corporation, the board of directors of a corporation, by resolution adopted by the majority of the directors in office, may designate one or more committees to have and exercise the authority of the board in the management of the corporation to the extent provided by:

- (1) the resolution;
- (2) the certificate of formation; or
- (3) the bylaws.

(b) A committee designated under this section must consist of at least two persons. Except as provided by Subsection (b-1), the majority of the persons on the committee must be directors. If provided by the certificate of formation or bylaws, the remaining persons on the committee are not required to be directors.

(b-1) If a corporation is a religious institution and if provided by the corporation's certificate of formation or bylaws, a committee designated under this section may be composed entirely of persons who are not directors of the corporation.

(c) The designation of a committee and the delegation of authority to the committee does not operate to relieve the board of directors, or an individual director, of any responsibility imposed on the board or director by law. A committee member who is not a director has the same responsibility with respect to the committee as a committee member who is a director.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1007 (H.B. 4103), Sec. 1, eff. September 1, 2009.

Sec. 22.219. OTHER COMMITTEES. (a) The board of directors of a corporation, by resolution adopted by the majority of the directors at a meeting at which a quorum is present, or the president, if authorized by a similar resolution of the board of directors or by the certificate of formation or bylaws of the corporation, may designate and appoint one or more committees that do not have the authority of the board of directors in the management of the corporation.

(b) The membership on a committee designated under this section may be limited to directors.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.220. ACTION WITHOUT MEETING OF DIRECTORS OR COMMITTEE. (a) The certificate of formation or bylaws of a corporation may provide that an action required by this chapter to be

taken at a meeting of the corporation's directors or an action that may be taken at a meeting of the directors or a committee may be taken without a meeting if a written consent, stating the action to be taken, is signed by the number of directors or committee members necessary to take that action at a meeting at which all of the directors or committee members are present and voting. The consent must state the date of each director's or committee member's signature.

(b) Prompt notice of the taking of an action by directors or a committee without a meeting by less than unanimous written consent shall be given to each director or committee member who did not consent in writing to the action.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 688 (H.B. 1737), Sec. 90, eff. September 1, 2007.

Sec. 22.221. GENERAL STANDARDS FOR DIRECTORS. (a) A director shall discharge the director's duties, including duties as a committee member, in good faith, with ordinary care, and in a manner the director reasonably believes to be in the best interest of the corporation.

(b) A director is not liable to the corporation, a member, or another person for an action taken or not taken as a director if the director acted in compliance with this section. A person seeking to establish liability of a director must prove that the director did not act:

- (1) in good faith;
- (2) with ordinary care; and
- (3) in a manner the director reasonably believed to be in the best interest of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

~~Sec. 22.222. RELIGIOUS CORPORATION DIRECTOR'S GOOD FAITH RELIANCE ON CERTAIN INFORMATION.~~

NA

~~Sec. 22.223. NOT A TRUSTEE. NA~~

Sec. 22.224. DELEGATION OF INVESTMENT AUTHORITY. (a) The board of directors of a corporation may:

- (1) contract with an advisor who is an investment counsel or a trust company, bank, investment advisor, or investment manager; and
- (2) confer on that advisor the authority to:
 - (A) purchase or otherwise acquire a stock, bond, security, or other investment on behalf of the corporation; and
 - (B) sell, transfer, or otherwise dispose of an asset or property of the corporation at a time and for a consideration the advisor considers appropriate.

(b) The board of directors may:

(1) confer on an advisor described by Subsection (a) other powers regarding the corporation's investments as the board considers appropriate; and

(2) authorize the advisor to hold title to an asset or property of the corporation, in the advisor's own name or in the name of a nominee, for the benefit of the corporation.

(c) The board of directors is not liable for an action taken or not taken by an advisor under this section if the board acted in good faith and with ordinary care in selecting the advisor. The board of directors may remove or replace the advisor, with or without cause, if the board considers that action appropriate or necessary.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.225. LOAN TO DIRECTOR PROHIBITED. (a) A corporation may not make a loan to a director.

(b) The directors of a corporation who vote for or assent to the making of a loan to a director, and any officer who participates in making the loan, are jointly and severally liable to the corporation for the amount of the loan until the loan is repaid.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.226. DIRECTOR LIABILITY FOR CERTAIN DISTRIBUTIONS OF ASSETS. (a) In addition to any other liability imposed by law on the directors of a corporation, the directors who vote for or assent to a distribution of assets other than in payment of the corporation's debts, when the corporation is insolvent or when distribution would render the corporation insolvent, or during the liquidation of the corporation, without the payment and discharge of or making adequate provisions for any known debt, obligation, or liability of the corporation, are jointly and severally liable to the corporation for the value of the assets distributed, to the extent that the debt, obligation, or liability is not paid and discharged.

(b) A director is not liable under this section if, in voting for or assenting to a distribution, the director:

(1) relied in good faith and with ordinary care on information or an opinion, report, or statement in accordance with Section [3.102](#);

(2) acting in good faith and with ordinary care, considered the assets of the corporation to be at least equal to their book value; or

(3) in determining whether the corporation made adequate provision for the discharge of all of its liabilities and obligations as provided in Section [11.053](#), relied in good faith and with ordinary care on financial statements of, or other information concerning, a person who was or became contractually obligated to discharge some or all of those liabilities or obligations.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.227. DISSENT TO OR ABSTENTION FROM ACTION. (a) A director of a corporation who is present at a meeting of the board of directors at which action is taken on a corporate matter described by Section 22.226(a) is presumed to have assented to the action unless:

- (1) the director's dissent or abstention has been entered in the minutes of the meeting;
- (2) the director has filed a written dissent or abstention with respect to the action with the person acting as the secretary of the meeting before the meeting is adjourned; or
- (3) the director has sent to the secretary of the corporation, within a reasonable time after the meeting has been adjourned, a written dissent or abstention by:
 - (A) certified or registered mail, return receipt requested; or
 - (B) other means specified in the corporation's governing documents.

(b) The right to dissent or abstain under this section does not apply to a director who voted in favor of the action.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 75 (S.B. 1518), Sec. 30, eff. September 1, 2017.

Sec. 22.228. RELIANCE ON WRITTEN OPINION OF ATTORNEY. A director is not liable under Section 22.226 or 22.227 if, in the exercise of ordinary care, the director acted in good faith and in reliance on the written opinion of an attorney for the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.229. RIGHT TO CONTRIBUTION. A director against whom a claim is asserted under Section 22.226 or 22.227 and who is held liable on the claim is entitled to contribution from persons who accepted or received the distribution knowing the distribution to have been made in violation of that section, in proportion to the amounts received by those persons.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.230. CONTRACTS OR TRANSACTIONS INVOLVING INTERESTED DIRECTORS, OFFICERS, AND MEMBERS. (a) This section applies to a contract or transaction between a corporation and:

- (1) one or more directors, officers, or members, or one or more affiliates or associates of one or more directors, officers, or members, of the corporation; or
- (2) an entity or other organization in which one or more directors, officers, or members, or one or more affiliates or associates of one or more directors, officers, or members, of the corporation:
 - (A) is a managerial official or a member; or
 - (B) has a financial interest.

(b) An otherwise valid and enforceable contract or transaction is valid and enforceable, and is not void or voidable, notwithstanding any relationship or interest described by Subsection (a), if any one of the following conditions is satisfied:

(1) the material facts as to the relationship or interest and as to the contract or transaction are disclosed to or known by:

(A) the corporation's board of directors, a committee of the board of directors, or the members, and the board, the committee, or the members in good faith and with ordinary care authorize the contract or transaction by the affirmative vote of the majority of the disinterested directors, committee members or members, regardless of whether the disinterested directors, committee members or members constitute a quorum; or

(B) the members entitled to vote on the authorization of the contract or transaction, and the contract or transaction is specifically approved in good faith and with ordinary care by a vote of the members; or

(2) the contract or transaction is fair to the corporation when the contract or transaction is authorized, approved, or ratified by the board of directors, a committee of the board of directors, or the members.

(c) Common or interested directors or members of a corporation may be included in determining the presence of a quorum at a meeting of the board, a committee of the board, or members that authorizes the contract or transaction.

(d) A person who has the relationship or interest described by Subsection (a) may:

(1) be present at or participate in and, if the person is a director, member, or committee member, may vote at a meeting of the board of directors, of the members, or of a committee of the board that authorizes the contract or transaction; or

(2) sign, in the person's capacity as a director, member, or committee member, a written consent of the directors, members, or committee members to authorize the contract or transaction.

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

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 139 (S.B. 748), Sec. 33, eff. September 1, 2011.

Sec. 22.231. OFFICERS. (a) The officers of a corporation shall include a president and a secretary and may include one or more vice presidents, a treasurer, and other officers and

assistant officers as considered necessary. Any two or more offices, other than the offices of president and secretary, may be held by the same person.

(b) A properly designated committee may perform the functions of an officer. A single committee may perform the functions of any two or more officers, including the functions of president and secretary.

(c) The officers of a corporation may be designated by other or additional titles as provided by the certificate of formation or bylaws of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.232. ELECTION OR APPOINTMENT OF OFFICERS. (a) An officer of a corporation shall be elected or appointed at the time, in the manner, and for the terms prescribed by the certificate of formation or bylaws of the corporation. The term of an officer may not exceed three years.

(b) If the certificate of formation or bylaws do not include provisions for the election or appointment of officers, the officers shall be elected or appointed annually by the board of directors or, if the management of the corporation is vested in the corporation's members, by the members.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.233. ~~APPLICATION TO CHURCH.~~ **NA**

Sec. 22.234. ~~RELIGIOUS CORPORATION OFFICER'S GOOD FAITH RELIANCE ON CERTAIN INFORMATION.~~

NA

Sec. 22.235. OFFICER LIABILITY. (a) An officer is not liable to the corporation or any other person for an action taken or omission made by the officer in the person's capacity as an officer unless the officer's conduct was not exercised:

- (1) in good faith;
- (2) with ordinary care; and
- (3) in a manner the officer reasonably believes to be in the best interest of the corporation.

(b) This section shall not affect the liability of the corporation for an act or omission of the officer.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

SUBCHAPTER F. FUNDAMENTAL BUSINESS TRANSACTIONS

Sec. 22.251. ~~APPROVAL OF MERGER.~~ **NA**

Sec. 22.252. APPROVAL OF SALE OF ALL OR SUBSTANTIALLY ALL OF ASSETS. (a) A corporation must approve the sale of all or substantially all of its assets by complying with this section.

(b) If the corporation has no members or has no members with voting rights, the sale of all or substantially all of the assets of the corporation must be authorized by the vote of directors required by Section 22.164.

(c) If the management of the affairs of the corporation is vested in its members under Section 22.202, a resolution authorizing a sale of all or substantially all of the assets of the corporation:

(1) must be submitted to a vote at an annual, regular, or special meeting of the members; and

(2) must be approved by the members by the vote required by Section 22.164.

(d) If the corporation has members with voting rights:

(1) the board of directors of the corporation must adopt a resolution that:

(A) recommends the sale; and

(B) directs that the resolution be submitted to a vote at an annual or special meeting of the members having voting rights; and

(2) the members must approve the resolution by the vote required by Section 22.164.

(e) At the meeting required by Subsection (c) or (d), in addition to approving the resolution authorizing the sale, the members may set, or authorize the board of directors to set, the terms and conditions of the sale and the consideration to be received by the corporation for the sale by the same vote of members.

(f) After the members authorize a sale under Subsection (d), the board of directors may abandon the sale, subject to the rights of third parties under any contracts relating to the sale, without further action or approval by members.

(g) Notwithstanding Subsection (d), if a corporation is insolvent, a sale of all or substantially all of the assets of the corporation may be authorized on receiving the affirmative vote of the majority of the directors in office.

(h) The phrase "sale of all or substantially all of the assets" means the sale, lease, exchange, or other disposition, other than a pledge, mortgage, deed of trust, or trust indenture unless otherwise provided by the certificate of formation, of all or substantially all of the property and assets of a domestic corporation that is not made in the usual and regular course of the corporation's activities without regard to whether the disposition is made with the goodwill of the corporation's activities. The term does not include a transaction that results in the corporation directly or indirectly:

(1) continuing to engage in one or more activities; or

(2) applying a portion of the consideration received in connection with the transaction to the conduct of an activity that the corporation engages in after the transaction.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.253. MEETING OF MEMBERS; NOTICE. (a) The corporation must give to each member entitled to vote at a meeting described by Section 22.251(c) or (d) or Section 22.252(c) or (d) a

written notice stating that the purpose or one of the purposes of the meeting is to consider the plan of merger or the sale of all or substantially all of the assets of the corporation. The notice must be given in the time and manner provided by Chapter 6 and this chapter for giving notice of a meeting to members.

(b) A vote of members entitled to vote at the meeting shall be taken on the plan of merger or the resolution authorizing the sale of all or substantially all of the assets of the corporation. The members must approve the plan or resolution by the vote required by Section 22.164.

(c) For a meeting to vote on a plan of merger, the notice of the meeting must contain the plan of merger or a summary of the plan of merger.

(d) For a corporation the management of the affairs of which is vested in its members under Section 22.202, the notice of the meeting is subject to the provisions of the certificate of formation or bylaws of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.254. PLEDGE, MORTGAGE, DEED OF TRUST, OR TRUST INDENTURE. (a) Except as otherwise provided by Subsection (b) or by the corporation's certificate of formation:

(1) the board of directors of a corporation may authorize a pledge, mortgage, deed of trust, or trust indenture; and

(2) an authorization or consent of members is not required for the validity of the transaction or for any sale under the terms of the transaction.

(b) If the management of the affairs of a corporation is vested in the corporation's members under Section 22.202:

(1) the members may authorize a pledge, mortgage, deed of trust, or trust indenture in the manner provided by Section 22.252(c) for a sale of all or substantially all of the assets of a corporation; and

(2) an authorization by the board of directors is not required for the validity of the transaction or for any sale under the terms of the transaction.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.255. CONVEYANCE BY CORPORATION. A corporation may convey real property of the corporation when authorized by appropriate resolution of the board of directors or members.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.256. ~~APPROVAL OF CONVERSION.~~ **NA**

Sec. 22.257. ~~APPROVAL OF EXCHANGE.~~ **NA**

SUBCHAPTER H. RECORDS AND REPORTS

Sec. 22.351. MEMBER'S RIGHT TO INSPECT BOOKS AND RECORDS. A member of a corporation, on written demand stating the purpose of the demand, is entitled to examine and copy at the member's expense, in person or by agent, accountant, or attorney, at any reasonable time and for a proper purpose, the books and records of the corporation relevant to that purpose.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.352. ~~FINANCIAL RECORDS AND ANNUAL REPORTS.~~ NA

Sec. 22.353. ~~AVAILABILITY OF FINANCIAL INFORMATION FOR PUBLIC INSPECTION.~~ NA

Sec. 22.354. ~~FAILURE TO MAINTAIN FINANCIAL RECORD OR PREPARE ANNUAL REPORT; OFFENSE.~~ NA

Sec. 22.355. EXEMPTIONS FROM CERTAIN REQUIREMENTS RELATING TO FINANCIAL RECORDS AND ANNUAL REPORTS. **Sections 22.352, 22.353, and 22.354 do not apply to:**

(1) a corporation that solicits funds only from members of the corporation;

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Amended by:

Acts 2005, 79th Leg., Ch. 64 (H.B. 1319), Sec. 70, eff. January 1, 2006.

Sec. 22.356. CORPORATIONS ASSISTING STATE AGENCIES.

Sec. 22.357. REPORT OF DOMESTIC AND FOREIGN CORPORATIONS. (a) The secretary of state may require a domestic corporation or a foreign corporation registered to conduct affairs in this state to file a report in accordance with Chapter 4 not more than once every four years as required by this subchapter. The report must state:

(1) the name of the corporation;

(2) the state or country under the laws of which the corporation is incorporated;

(3) the address of the registered office of the corporation in this state and the name of the registered agent at that address;

(4) if the corporation is a foreign corporation, the address of the principal office of the corporation in the state or country under the laws of which the corporation is incorporated; and

(5) the names and addresses of the directors and officers of the corporation.

(b) A corporation required to prepare a report under this section shall prepare the report on a form adopted by the secretary of state for that purpose and shall include in the report information that is accurate as of the date the report is executed. An officer or, if the corporation is in the hands of a receiver or trustee, the receiver or trustee shall sign the report on behalf of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.358. NOTICE REGARDING REPORT. (a) The secretary of state shall send written notice that the report required by Section 22.357 is due. The notice must be:

- (1) addressed to the corporation; and
- (2) mailed to the corporation's registered agent or to the corporation at:

(A) the last known address of the corporation as it appears on record in the office of the secretary of state; or

(B) any other known place of business of the corporation.

(b) The secretary of state shall include with the notice a report form to be prepared and filed as provided by this subchapter.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.359. FILING OF REPORT. A copy of the report must be filed with the secretary of state in accordance with Chapter 4 not later than the 30th day after the date notice is mailed under Section 22.358.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.360. FAILURE TO FILE REPORT. (a) A domestic or foreign corporation that fails to file a report under Sections 22.357 and 22.359 when the report is due forfeits the corporation's right to conduct affairs in this state.

(b) The forfeiture takes effect, without judicial action, when the secretary of state enters on the record of the corporation kept in the office of the secretary of state:

- (1) the words "right to conduct affairs forfeited"; and
- (2) the date of forfeiture.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.361. NOTICE OF FORFEITURE. Notice of forfeiture under Section 22.360 shall be mailed to the corporation's registered agent at the registered office or to the corporation at:

(1) the address of the principal place of business of the corporation as it appears in the certificate of formation;

(2) the last known address of the corporation as it appears on record in the office of the secretary of state; or

(3) any other known place of business of the corporation.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.362. EFFECT OF FORFEITURE. (a) Unless the right of the corporation to conduct affairs in this state is revived under Section 22.363:

(1) the corporation may not maintain an action, suit, or proceeding in a court of this state; and

(2) a successor or assignee of the corporation may not maintain an action, suit, or proceeding in a court of this state on a right, claim, or demand arising from the conduct of affairs by the corporation in this state.

(b) This section does not affect the right of an assignee of the corporation as:

(1) the holder in due course of a negotiable promissory note, check, or bill of exchange; or

(2) the bona fide purchaser for value of a warehouse receipt, stock certificate, or other instrument negotiable by law.

(c) The forfeiture of the right to conduct affairs in this state does not:

(1) impair the validity of a contract or act of the corporation; or

(2) prevent the corporation from defending an action, suit, or proceeding in a court of this state.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.363. REVIVAL OF RIGHT TO CONDUCT AFFAIRS. (a) A corporation may be relieved from a forfeiture under Section 22.360 by filing the required report, accompanied by the revival fee, not later than the 120th day after the date of mailing of the notice of forfeiture under Section 22.361.

(b) If a corporation complies with Subsection (a), the secretary of state shall:

(1) revive the right of the corporation to conduct affairs in this state;

(2) cancel the words regarding the forfeiture on the record of the corporation; and

(3) endorse on that record the word "revived" and the date of revival.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.364. FAILURE TO REVIVE; TERMINATION OR REVOCATION. (a) The failure of a corporation that has forfeited its right to conduct affairs in this state to revive that right under Section 22.363 is grounds for:

(1) the involuntary termination of the domestic corporation; or

(2) the revocation of the foreign corporation's registration to transact business in this state.

(b) The termination or revocation takes effect, without judicial action, when the secretary of state enters on the record of the corporation filed in the office of the secretary of state the word "forfeited" and the date of forfeiture and cites this chapter as authority for that forfeiture.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 22.365. REINSTATEMENT. (a) A corporation that is terminated or the registration of which has been revoked as provided by Section 22.364 may be relieved of the termination or revocation by filing the report required by Section 22.357, accompanied by the filing fee for the report, if the corporation has paid:

(1) all fees, taxes, penalties, and interest due and accruing before the termination or revocation; and

(2) an amount equal to the total taxes from the date of termination or revocation to the date of reinstatement that would have been payable if the corporation had not been terminated or had its registration revoked.

(b) When the report is filed and the filing fee is paid to the secretary of state, the secretary of state shall:

(1) reinstate the certificate of formation or registration without judicial action;

(2) cancel the word "forfeited" on the record; and

(3) endorse on the record kept in the secretary's office relating to the corporation the words "set aside" and the date of the reinstatement.

(c) If a termination or revocation is set aside under this section, the corporation shall determine from the secretary of state whether the name of the corporation is available. If the name of the corporation is not available at the time of reinstatement, the corporation shall amend its corporate name under this code.

Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

~~SUBCHAPTER I. CHURCH BENEFITS BOARDS~~ **NA**

SUBCHAPTER J. RATIFICATION OF DEFECTIVE CORPORATE ACTS; PROCEEDINGS

Sec. 22.501. DEFINITIONS. In this subchapter:

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

(2) "Defective corporate act" means:

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

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

(3) "District court" means a district court in:

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

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

(4) "Failure of authorization" means:

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

(B) the failure of the board of directors or an officer of the corporation to authorize or approve an act or transaction taken by or on behalf of the corporation that required the prior authorization or approval of the board of directors or the officer.

(5) "Time of the defective corporate act" means the date and time the defective corporate act was purported to have been taken or the approximate date and time, if the exact date is unknown.

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

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

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

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

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

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

(1) ratified in accordance with this subchapter; or

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

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

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

(1) the defective corporate act or acts to be ratified;

(2) the date of each defective corporate act;

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

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

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

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

(1) the defective corporate act or acts to be ratified;

(2) the date of each defective corporate act;

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

(4) that the members approve the ratification of the defective corporate act or acts.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

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

(b) Notwithstanding Subsection (a) and except as provided by Subsection (c), if in order for a quorum to be present or to approve the defective corporate act, the presence or approval of a larger number or portion of the governing authority would have been required by the governing documents of the corporation, any plan or agreement to which the corporation was a party, or any provision of the corporate statute, each as in effect at the time of the defective corporate act, then the presence or approval of the larger number or portion of such governing authority must be required for a quorum to be present or to adopt the resolutions to ratify the defective corporate act, as applicable.

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

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

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

- (1) the defective corporate act to be ratified at the time of that defective corporate act; or
- (2) the type of defective corporate act to be ratified at the time the board of directors adopts the resolutions ratifying that defective corporate act under Section 22.503.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.506. NOTICE REQUIREMENTS FOR RATIFIED DEFECTIVE CORPORATE ACT SUBMITTED FOR APPROVAL OF MEMBERS WITH VOTING RIGHTS. (a) If a corporation has members with voting rights and if the ratification of a defective corporate act is required to be submitted to such members for approval under Section 22.505, notice of the time, place, if any, and purpose of the meeting shall be given at least 20 days before the date of the meeting to:

- (1) each member with voting rights as of the record date of the meeting, at the address of the member as it appears or most recently appeared, as appropriate, on the corporation's records; and
- (2) each member with voting rights as of the time of the defective corporate act, except that notice is not required to be given to a member whose identity or address cannot be ascertained from the corporation's records.

(b) The notice must contain:

- (1) copies of the resolutions adopted by the board of directors under Section 22.503 or the information required by Sections 22.503(a)(1)-(4); and
- (2) a statement that, on member approval of the ratification of the defective corporate act made in accordance with this subchapter, the member's right to challenge the defective corporate act is limited to an action claiming that a court of appropriate jurisdiction, in its discretion, should declare:

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

(B) that the ratification was not accomplished in accordance with this subchapter.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.507. QUORUM AND VOTING FOR APPROVAL OF RATIFIED DEFECTIVE CORPORATE ACT AT MEETING OF MEMBERS WITH VOTING RIGHTS. (a) If the corporation has members with voting rights, at the

meeting of such members, the quorum and voting requirements applicable to the approval of the ratification of a defective corporate act under Section 22.505 are the same as the quorum and voting requirements applicable at the time of the approval by the members of the ratification for the type of ratified defective corporate act proposed to be approved, except as provided by this section.

(b) If the presence or approval of a larger number of members or of any class of members would have been required for a quorum to be present or to approve the defective corporate act, as applicable, by the corporation's governing documents, any plan or agreement to which the corporation was a party, or any provision of the corporate statute, each as in effect at the time of the defective corporate act, then the presence or approval of the larger number of members or of the class of members shall be required for a quorum to be present or to approve the ratification of the defective corporate act, as applicable, except that the presence or approval of any class that is no longer in existence or has no members, or of any person that is no longer a member with voting rights, is not required.

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

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

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

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

(c) The certificate of validation must include:

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

(A) the date of the defective corporate act; and

(B) the nature of the failure of authorization with respect to the defective corporate act;

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

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

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

(3) as appropriate:

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

(i) the name, title, and filing date of the previously filed filing instrument and of any certificate of correction to the filing instrument; and

(ii) a statement that a copy of the previously filed filing instrument, together with any certificate of correction to the filing instrument, is attached as an exhibit to the certificate of validation;

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

(i) the name, title, and filing date of the previously filed filing instrument and of any certificate of correction to the filing instrument;

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

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

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

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

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

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

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

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

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

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

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

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

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

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

(d) The notice must contain:

(1) copies of the resolutions adopted by the governing authority under Section 22.503 or the information required by Sections 22.503 (a) (1)-(4) or 22.503 (c) (1)-(4), as applicable; and

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

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

(B) that the ratification was not accomplished in accordance with this subchapter.

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

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

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

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

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

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

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

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

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

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

- (1) the corporation;
- (2) any successor entity to the corporation;
- (3) any member of the corporation's board of directors or other person having fiduciary responsibility in relation to the actions of the corporation;
- (4) any member with voting rights; or
- (5) any record member with voting rights as of the time a defective corporate act was ratified in accordance with this subchapter.

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

- (1) determine the validity and effectiveness of any defective corporate act ratified in accordance with this subchapter;
- (2) determine the validity and effectiveness of the ratification of any defective corporate act in accordance with this subchapter;
- (3) determine the validity and effectiveness of:
 - (A) any defective corporate act not ratified under this subchapter; or
 - (B) any defective corporate act not ratified effectively under this subchapter;
- (4) determine the validity of any corporate act or transaction; and
- (5) modify or waive any of the procedures set forth in Sections 22.501 through 22.511 to ratify a defective corporate act.

(c) In connection with an action brought under this section, the district court may:

- (1) declare that a ratification in accordance with and pursuant to this subchapter is not effective or that the ratification is effective only at a time or on conditions as specified by the district court;
- (2) validate and declare effective any defective corporate act and impose conditions on such a validation;
- (3) require measures to remedy or avoid harm to any person substantially and adversely affected by a ratification under this subchapter or from any order of the district court pursuant to this section, excluding any harm that would have resulted had the defective corporate act been valid when approved or effectuated;
- (4) order the filing officer to accept for filing an instrument with an effective date and time as specified by the court, which may be before or subsequent to the time of the order;
- (5) if the corporation has members with voting rights, order that a meeting of such members be held and determine the right and power of persons to vote at the meeting;
- (6) declare that a defective corporate act validated by the court is effective as of the time of the defective corporate act or at such other time as determined by the court; and

(7) make any other order regarding such matters as the court considers appropriate under the circumstances.

(d) In connection with the resolution of matters under Subsections (b) and (c), the district court may consider:

(1) whether the defective corporate act was originally approved or effectuated with the belief that the approval or effectuation was in compliance with the provisions of the corporate statute or the governing documents of the corporation;

(2) whether the corporation and the corporation's board of directors have treated the defective corporate act as a valid act or transaction and whether any person has acted in reliance on the public record that the defective corporate act was valid;

(3) whether any person will be or was harmed by the ratification or validation of the defective corporate act, excluding any harm that would have resulted had the defective corporate act been valid when it was approved or took effect;

(4) whether any person will be harmed by the failure to ratify or validate the defective corporate act; and

(5) any other factors or considerations the district court considers just and equitable.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.513. EXCLUSIVE JURISDICTION. The district court has exclusive jurisdiction to hear and determine any action brought under Section 22.512.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.514. SERVICE. (a) Service of an application filed under Section 22.512 on the registered agent of a corporation or in any other manner permitted by applicable law is considered to be service on the corporation, and no other party need be joined in order for the district court to adjudicate the matter.

(b) If an action is brought by a corporation under Section 22.512, the district court may require that notice of the action be provided to other persons identified by the court and permit those other persons to intervene in the action.

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

Sec. 22.515. STATUTE OF LIMITATIONS. (a) This section does not apply to:

(1) an action asserting that a ratification was not accomplished in accordance with this subchapter; or

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

(b) Notwithstanding any other provision of this subchapter:

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

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

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

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

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

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.

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

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

Added by Acts 2019, 86th Leg., R.S., Ch. 664 (S.B. 1969), Sec. 1, eff. September 1, 2019.