

BUSINESS ORGANIZATIONS CODE

TITLE 4. PARTNERSHIPS

CHAPTER 154. PROVISIONS APPLICABLE TO BOTH GENERAL AND LIMITED
PARTNERSHIPS

SUBCHAPTER A. PARTNERSHIP INTERESTS

Sec. 154.001. NATURE OF PARTNER'S PARTNERSHIP INTEREST.

(a) A partner's partnership interest is personal property for all purposes.

(b) A partner's partnership interest may be community property under applicable law.

(c) A partner is not a co-owner of partnership property.

(d) Sections 9.406 and 9.408, Business & Commerce Code, do not apply to a partnership interest in a partnership, including the rights, powers, and interests arising under the governing documents of the partnership or under this code. To the extent of any conflict between this subsection and Section 9.406 or 9.408, Business & Commerce Code, this subsection controls. It is the express intent of this subsection to permit the enforcement, as a contract among the partners of a partnership, of any provision of a partnership agreement that would otherwise be ineffective under Section 9.406 or 9.408, Business & Commerce Code.

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

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 84 (S.B. 1442), Sec. 57, eff. September 1, 2009.

Sec. 154.002. TRANSFER OF INTEREST IN PARTNERSHIP PROPERTY PROHIBITED. A partner does not have an interest that can be transferred, voluntarily or involuntarily, in partnership property.

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

SUBCHAPTER B. PARTNERSHIP AGREEMENT

Sec. 154.101. CLASS OR GROUP OF PARTNERS. (a) A

partnership agreement may establish or provide for the future creation of additional classes or groups of one or more partners that have certain express relative rights, powers, and duties, including voting rights. The future creation of additional classes or groups may be expressed in the partnership agreement or at the time of creation of the class or group.

(b) The rights, powers, or duties of a class or group of partners may be senior to those partners of an existing class or group.

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

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 74 (S.B. [1517](#)), Sec. 16, eff. September 1, 2017.

Sec. 154.102. PROVISIONS RELATING TO VOTING. A partnership agreement that grants or provides for granting a right to vote to a partner may contain a provision relating to:

- (1) giving notice of the time, place, or purpose of a meeting at which a matter is to be voted on by the partners;
- (2) waiver of notice;
- (3) action by consent without a meeting;
- (4) the establishment of a record date;
- (5) quorum requirements;
- (6) voting in person or by proxy; or
- (7) other matters relating to the exercise of the right to vote.

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

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 74 (S.B. [1517](#)), Sec. 17, eff. September 1, 2017.

Sec. 154.104. RIGHTS OF THIRD PERSONS UNDER PARTNERSHIP AGREEMENT. A partnership agreement may provide rights to any person, including a person who is not a party to the partnership agreement, to the extent provided by the partnership agreement.

Added by Acts 2013, 83rd Leg., R.S., Ch. 9 (S.B. [847](#)), Sec. 10, eff. September 1, 2013.

Sec. 154.105. PARTNERSHIP BOUND BY PARTNERSHIP AGREEMENT. A partnership agreement is enforceable by or against the partnership, regardless of whether the partnership has signed or otherwise expressly adopted the agreement.

Added by Acts 2017, 85th Leg., R.S., Ch. 74 (S.B. 1517), Sec. 18, eff. September 1, 2017.

SUBCHAPTER C. PARTNERSHIP TRANSACTIONS AND RELATIONSHIPS

Sec. 154.201. BUSINESS TRANSACTIONS BETWEEN PARTNER AND PARTNERSHIP. Except as otherwise provided by the partnership agreement, a partner may lend money to and transact other business with the partnership. Subject to other applicable law, a partner has the same rights and obligations with respect to those matters as a person who is not a partner.

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

Sec. 154.202. EFFECT OF PARTNER CHANGE ON RELATIONSHIP BETWEEN PARTNERSHIP AND CREDITORS. The relationships between a partnership and its creditors are not affected by the:

- (1) withdrawal of a partner; or
- (2) addition of a new partner.

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

Sec. 154.203. DISTRIBUTIONS IN KIND. (a) Except as provided by the partnership agreement, a partner, regardless of the nature of the partner's contribution, is not entitled to demand or receive from a partnership a distribution in any form other than cash.

(b) Except as provided by the partnership agreement, a partner may not be compelled to accept a disproportionate distribution of an asset in kind from a partnership to the extent that the percentage portion of assets distributed to the partner exceeds the percentage of those assets that equals the percentage in which the partner shares in distributions from the partnership.

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

Sec. 154.204. IRREVOCABLE POWER OF ATTORNEY. (a) This section applies only to:

(1) a power of attorney with respect to matters relating to the organization, internal affairs, or termination of a partnership; or

(2) a power of attorney granted by:

(A) a person as a partner of or a transferee or assignee of a partnership interest in a partnership; or

(B) a person seeking to become a partner of or a transferee or assignee of a partnership interest in a partnership.

(b) A power of attorney is irrevocable for all purposes if the power of attorney:

(1) is coupled with an interest sufficient in law to support an irrevocable power; and

(2) states that it is irrevocable.

(c) Unless otherwise provided in the power of attorney, an irrevocable power of attorney created under this section is not affected by the subsequent death, disability, incapacity, winding up, dissolution, termination of existence, or bankruptcy of, or any other event concerning, the principal.

(d) A power of attorney granted to the partnership, a partner of the partnership, or any of their respective officers, directors, managers, members, partners, trustees, employees, or agents is conclusively presumed to be coupled with an interest sufficient in law to support an irrevocable power.

Added by Acts 2015, 84th Leg., R.S., Ch. 23 (S.B. 859), Sec. 7, eff. September 1, 2015.