

BUSINESS ORGANIZATIONS CODE

TITLE 7. PROFESSIONAL ENTITIES

CHAPTER 302. PROVISIONS RELATING TO PROFESSIONAL ASSOCIATIONS

Sec. 302.001. APPLICABILITY OF CERTAIN PROVISIONS GOVERNING FOR-PROFIT CORPORATIONS. The provisions of Chapters 20 and 21 governing a for-profit corporation apply to a professional association, unless there is a conflict with this title. Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Sec. 302.002. DURATION OF PROFESSIONAL ASSOCIATION. A professional association continues:

(1) for all purposes as a separate entity independent of the association's members until:

(A) the expiration of the period of duration stated in the certificate of formation; or

(B) the association is wound up and terminated in the manner provided by the certificate of formation or, if the certificate of formation does not provide a manner for winding up and termination, by a two-thirds vote of the association's members; and

(2) in existence notwithstanding:

(A) the death, insanity, incompetency, felony conviction, resignation, withdrawal, transfer of ownership interest, or expulsion of a member other than the last surviving member of the association;

(B) the admission of a new member or the transfer of ownership interest to a new or existing member; or

(C) the occurrence of an event that would require the winding up of a partnership under state law or similar circumstances.

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

Sec. 302.003. AMENDMENT OF CERTIFICATE OF FORMATION. (a) A professional association may amend the association's certificate of formation as provided by Chapter 3 and:

(1) by the procedure for amendment stated in the

certificate of formation; or

(2) if the certificate of formation does not provide a procedure for amending the certificate, by a two-thirds vote of the association's members.

(b) A professional association is not required to amend the association's certificate of formation to reflect a change in membership or a transfer of ownership interests in the association. Acts 2003, 78th Leg., ch. 182, Sec. 1, eff. Jan. 1, 2006.

Amended by:

Acts 2005, 79th Leg., Ch. 64 (H.B. 1319), Sec. 99, eff. January 1, 2006.

Sec. 302.004. ADOPTION OF BYLAWS; DELEGATION OF AUTHORITY.

(a) The members of a professional association may adopt bylaws for the association.

(b) The authority to adopt bylaws for a professional association granted under Subsection (a) may be delegated under the certificate of formation to the governing authority of the association.

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

Sec. 302.005. GOVERNING AUTHORITY. (a) A professional association shall be governed by:

(1) a board of directors; or

(2) an executive committee.

(b) The governing authority of a professional association shall be elected by the members of the association.

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

Sec. 302.006. MEMBERS' VOTING RIGHTS. A member of a professional association is entitled to cast a vote at a meeting of the members as provided by the certificate of formation of the association.

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

Sec. 302.007. ELECTION OF OFFICERS. The governing authority of a professional association shall elect the officers of

the association.

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

Sec. 302.008. OFFICER AND GOVERNING PERSON ELIGIBILITY REQUIREMENTS. (a) Only a member of the professional association is eligible to serve as an officer or governing person of a professional association.

(b) Except as provided by Subsection (c), a person is not required to be a governing person of a professional association to serve as an officer of the association.

(c) Only a governing person of a professional association is eligible to serve as the president of the professional association.

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

Sec. 302.009. EMPLOYMENT OF AGENTS AND EMPLOYEES. The officers of a professional association may employ agents or employees for the association as the officers consider advisable.

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

Sec. 302.010. LIMITATION ON MEMBER'S POWER TO BIND ASSOCIATION. A member of a professional association is not entitled to bind the association within the scope of the association's business or profession merely by virtue of being a member of the professional association.

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

Sec. 302.011. DIVISION OF PROFITS. The members of a professional association shall divide the profits derived from the association in the manner provided by the governing documents of the association.

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

Sec. 302.013. WINDING UP AND TERMINATION; CERTIFICATE OF TERMINATION. (a) A professional association may wind up and terminate the association's business as provided by:

- (1) the association's certificate of formation; or
- (2) if the certificate of formation does not provide

for the winding up and termination of the association, a two-thirds vote of the association's members.

(b) Except as provided by Subsection (c), a certificate of termination filed in accordance with Chapter 11 must be executed by an officer of the professional association on behalf of the association.

(c) If a professional association does not have any living officer, the certificate of termination must be executed by the legal representative of the last surviving officer of the association.

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