Sec. 961.001. DEFINITIONS. In this chapter:

(1) "Applicant" means a person applying for a contract for legal services to be performed through a nonprofit legal services corporation.

(2) "Benefit certificate" means a document issued to a participant that states the benefits and other required matters under a group contract for legal services or an individual contract for legal services issued to a participant.

(3) "Contracting attorney" means an attorney who has entered into a contract under Section 961.301.

(4) "Nonprofit legal services corporation" means a corporation created for the sole purpose of establishing, maintaining, and operating a nonprofit legal services plan under which the corporation contracts for and obtains legal services for participants through contracting attorneys in consideration of each participant's payment of a definite amount to fund the payment of the contracting attorneys' fees.

(5) "Participant" means a person entitled to performance of legal services under contract with a nonprofit legal services corporation.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.002. APPLICABILITY OF OTHER LAWS. (a) The Texas Miscellaneous Corporation Laws Act (Article 1302-1.01 et seq., Vernon's Texas Civil Statutes) and the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes)
apply to a nonprofit legal services corporation to the extent not in conflict with this chapter.

(b) The following provisions of this code apply to a nonprofit legal services corporation in the same manner that they apply to an insurer or a person engaged in the business of insurance, to the extent the provisions do not conflict with this chapter:

(1) Articles 1.09-1 and 21.47;


(3) Subchapter B, Chapter 31;

(4) Subchapters A and C, Chapter 32;

(5) Subchapter D, Chapter 36;

(6) Subchapter A, Chapter 401;

(7) Subchapter A, Chapter 542;

(8) Subchapter A, Chapter 805; and

(9) Chapters 86, 402, 441, 443, 481, 541, 802, and 824.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 2E.123, eff. April 1, 2009.

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.003. CORPORATION SUBJECT TO DEPARTMENT REGULATION. Each nonprofit legal services corporation is subject to this chapter and to direct regulation by the department.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th
Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.004. CORPORATION NOT ENGAGED IN BUSINESS OF INSURANCE. A nonprofit legal services corporation that complies with this chapter is not engaged in the business of insurance and, except as provided by Section 961.002(b), is not subject to laws relating to insurers.
Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.005. AGENTS. The licensing and regulation of an agent authorized to solicit prepaid legal services contracts for a nonprofit legal services corporation is subject to Title 13.
Added by Acts 2003, 78th Leg., ch. 1276, Sec. 10A.226(a), eff. Sept. 1, 2003.
Amended by:
Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 2E.124, eff. April 1, 2009.

SUBCHAPTER B. FORMATION AND STRUCTURE OF NONPROFIT LEGAL SERVICES CORPORATIONS

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.051. APPLICATION FOR CORPORATE CHARTER; NONPROFIT STATUS REQUIRED. (a) Seven or more persons may apply to the secretary of state for a corporate charter under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) for a nonprofit legal services corporation.

(b) A nonprofit legal services corporation must be governed and operated as a nonprofit organization.
Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.
Sec. 961.052. MINIMUM PARTICIPATION REQUIREMENTS. (a) After incorporation and before engaging in business other than seeking applicants and obtaining contracting attorneys, a nonprofit legal services corporation must collect in advance an application fee and at least one month's payment for services from the lesser of:

1. 200 applicants; or
2. the number of applicants that the department determines is necessary for a workable legal services plan.

(b) The nonprofit legal services corporation shall keep the money collected under Subsection (a) in a trust account in a bank in this state until the corporation is issued a certificate of authority under this chapter. The corporation shall refund the money in full if the corporation is not issued a certificate of authority.

(c) As a condition of continued operation, a nonprofit legal services corporation must maintain at least the lesser of:

1. 200 participants; or
2. the necessary number of applicants determined by the department under Subsection (a)(2).

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

SUBCHAPTER C. AUTHORITY TO ENGAGE IN BUSINESS

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.101. ISSUANCE OF CERTIFICATE OF AUTHORITY. (a) The department shall issue a certificate of authority to a nonprofit legal services corporation to engage in business if the corporation:
(1) files a statement acceptable to the department showing that the corporation is solvent; and

(2) complies with this chapter.

(b) A certificate of authority is valid until revoked for noncompliance with law, by operation of law, or as provided by this chapter.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.102. REVOCATION OF CERTIFICATE OF AUTHORITY. (a)

After a hearing, the commissioner shall revoke the certificate of authority of a nonprofit legal services corporation if:

(1) the commissioner determines the corporation is:

(A) operating fraudulently; or

(B) not complying with this chapter; or

(2) the corporation does not pay valid claims in accordance with this chapter.

(b) A hearing under Subsection (a) may be held only on the basis of written specifications and not earlier than the 21st day after the date notice of the hearing is given.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

SUBCHAPTER D. BOARD OF DIRECTORS; PERSONNEL

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.151. COMPENSATION OF DIRECTORS. A director of a nonprofit legal services corporation may not receive salary or other compensation for the director's services but may receive reimbursement for reasonable and necessary expenses incurred in attending a meeting called to manage or direct the affairs of the corporation.
Sec. A961.152. AAFINANCIAL OFFICER; BOND. (a) A nonprofit legal services corporation, by resolution entered in its minutes, shall designate one or more officers to be responsible for handling the corporation's funds. The president, secretary, or general manager of the corporation must certify a copy of the resolution, and the corporation shall file the copy with the department.

(b) Except as provided by Subsection (c), the corporation shall make and file a separate or blanket surety bond covering each officer designated under Subsection (a). The bond must:

(1) be issued by a corporate surety company authorized to issue surety bonds in this state;

(2) be satisfactory to the department and payable to the department for the use and benefit of the corporation;

(3) obligate the principal and surety to pay any monetary loss to the corporation through an act of fraud, dishonesty, forgery, theft, embezzlement, or willful misapplication by a covered officer, whether acting alone or with other persons, while employed as or exercising the powers of an officer designated under Subsection (a); and

(4) be in an amount of at least $25,000 for each officer covered.

(c) Instead of the bond required by Subsection (b), an officer designated under Subsection (a) may deposit with the department cash or securities approved by the department in the amount and subject to the conditions applicable to the bond.

(d) Successive recoveries may be made on a bond under this section until the amount of the bond is exhausted.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.
Sec. 961.153. BOND REQUIREMENTS FOR CERTAIN PERSONS. (a) In addition to the bond required by Section 961.152, a nonprofit legal services corporation shall obtain a separate or blanket surety bond covering each other person who may have access to the corporation's funds. The bond must:

1. be issued by a surety authorized by the department to do business in this state;
2. be satisfactory to the department and payable to the department for the use and benefit of the corporation;
3. obligate the principal and surety to pay any monetary loss to the corporation through an act of fraud, dishonesty, forgery, theft, embezzlement, or wilful misapplication by a covered person, whether acting alone or with other persons; and
4. be in an amount determined by the department of at least $1,000 but not more than $10,000 for each person covered.

(b) Successive recoveries may be made on a bond under this section until the amount of the bond is exhausted.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

SUBCHAPTER E. REGULATION OF NONPROFIT LEGAL SERVICES CORPORATIONS

Sec. 961.201. PLAN OF OPERATION; EXPENSE FUND BALANCE. (a) Before accepting applications for participation in a legal services plan, a nonprofit legal services corporation must:

1. have sufficient money in its expense fund described by Section 961.203 to cover initial operations; and
2. submit to the department:
   (A) a plan of operation;
   (B) a rate schedule of its charges to participants; and
(C) a schedule and projections of costs of legal services to be contracted for on behalf of participants.

(b) Before the corporation may engage in business, the department must approve as adequate, fair, and reasonable:
   (1) the plan of operation; and
   (2) the sufficiency of the money in the expense fund.

(c) The department has continuing control over the corporation's plan of operation. A change in the plan must be filed with and approved by the department before the change takes effect.

(d) The department may not set maximum rates or premiums that may be charged under a legal services plan under this chapter.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.202. ANNUAL STATEMENT. (a) Not later than March 1 of each year, each nonprofit legal services corporation shall file with the department an annual statement that covers the corporation's operations for the preceding calendar year.

(b) The statement must be in the form prescribed by and provide the information required by the department.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.203. CLAIM FUND; EXPENSE FUND. (a) A nonprofit legal services corporation shall maintain a claim fund and an expense fund.

(b) The claim fund is composed of:
   (1) application fees; and
   (2) at least 70 percent of the regular payments by participants, except the department may adjust this percentage on a showing that the adjustment:
(A) is in the best interest of the persons receiving legal services under the contract at the time of the adjustment; or

(B) is necessary for the corporation's development during its first year of existence.

(c) Money in the claim fund must be maintained as cash or in demand deposits or invested in:

(1) certificates of deposit, share accounts, and time deposits in a public bank or savings and loan association the deposits of which are insured by a federal government agency; or

(2) obligations of a state or the federal government.

(d) Money in the expense fund may be invested only in legal investments for the capital, surplus, and contingency funds of a stock life insurance company.

(e) Net income from an investment of money in a fund accrues to that fund.

(f) Money in the claim fund may be disbursed only to pay:

(1) a valid claim;

(2) the cost of settling a contested claim;

(3) tax on the fund's income;

(4) a refund of a fee deposited in the fund;

(5) an expense directly incurred on or for preservation of an investment of the fund, including the cost of transferring a security; or

(6) an amount as provided by a contract under Section 961.207.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.204. DEPOSIT REQUIREMENTS. A nonprofit legal services corporation shall deposit money collected from applicants or participants in an account of the corporation in a public bank. The bank must be a state depository, and its deposits must be protected by the Federal Deposit Insurance Corporation.
Sec. 961.205. SOLVENCY OF FUNDS. As a condition of holding a certificate of authority under this chapter, a nonprofit legal services corporation shall maintain the solvency of each fund so that the admitted assets of the fund exceed the fund's liabilities, other than claim liabilities guaranteed under Section 961.302.

Sec. 961.206. ADVANCE TO CORPORATION. Any person may advance to a nonprofit legal services corporation, on a contingent liability basis, money necessary for the purposes of the corporation's business or to comply with this chapter, except that the advance may be repaid only on prior approval of the department. The advance may be made in an amount and at a rate of interest agreed to by the person and the corporation.

Sec. 961.207. PARTICIPATION AGREEMENTS. (a) Subject to Subsection (b), a nonprofit legal services corporation may:

(1) contract with another nonprofit legal services corporation or an insurer authorized to engage in business in this state for joint participation through:

(A) a mutualization contract agreement; or

(B) a guaranty treaty; and
(2) cede or accept a legal services obligation from such a corporation or insurer on all or part of a legal services obligation.

(b) Each document used for a purpose described by Subsection (a) must be filed with the department and approved by the department to be in accordance with the corporation's plan of operation before the document takes effect.

(c) To carry out the purposes of this section, the commissioner may adopt rules governing an agreement with an insurer under Subsection (a).

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.208. EXCLUSIVE AGENCY CONTRACT OR MANAGEMENT CONTRACT. (a) A nonprofit legal services corporation may not enter into an exclusive agency contract or management contract unless the contract has been approved by the department.

(b) Before entering into a contract governed by Subsection (a), the corporation shall file the proposed contract with the department. The department shall approve or disapprove the proposed contract not later than the 30th day after the filing date, except that the department may extend that period by a reasonable time by giving notice not later than the 30th day after the filing date.

(c) The department shall disapprove the proposed contract if the department determines that:

(1) the contract:

(A) subjects the corporation to excessive charges;

(B) lasts for an unreasonable period;

(C) does not contain fair and adequate standards of performance; or

(D) impairs the interests of the public in this state or the corporation's participants or creditors; or
the persons given the power under the contract to
manage the corporation are not sufficiently trustworthy,
competent, experienced, and free from conflict of interest to
manage the corporation, with due regard for the interest of the
public and the corporation's participants and creditors.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

The following section was amended by the 86th Legislature. Pending
publication of the current statutes, see S.B. 1623, 86th
Legislature, Regular Session, for amendments affecting the
following section.

Sec. 961.209. REMEDIES FOR CORPORATION IN HAZARDOUS
FINANCIAL CONDITION. (a) If the commissioner determines that a
nonprofit legal services corporation's financial condition is such
that the continued operation of the corporation may be hazardous to
the public or the corporation's participants or creditors, the
commissioner, after notice and hearing, may order the corporation
to take any action reasonably necessary to correct the condition,
including:

(1) reducing:

(A) the amount of present and potential liability
for benefits through agreements under Section 961.207;

(B) the volume of new business that the
corporation accepts; or

(C) expenses through specified methods; or

(2) suspending or limiting the writing of new business
for a period.

(b) If no remedy under Subsection (a) is effective and the
commissioner determines that the hazardous condition is a shortage
of money in the corporation's expense fund, the commissioner, after
further notice and hearing, may order the corporation to deposit in
the expense fund an additional amount of money sufficient to cure
the hazardous condition. The commissioner may not require a
corporation to maintain money in the expense fund in excess of the
amount required by Section 961.205.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.
Sec. 961.210. RULES RELATING TO HAZARDOUS FINANCIAL CONDITION. (a) The commissioner by rule may establish:

(1) uniform standards and criteria for early warning that the continued operation of a nonprofit legal services corporation may be hazardous to the public or the corporation's participants or creditors; and

(2) standards for evaluating the financial condition of a nonprofit legal services corporation.

(b) A standard established under this section must be consistent with the purposes of this section and Section 961.209.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 961.211. BOOKS AND RECORDS. (a) A nonprofit legal services corporation shall keep complete books and records of all money collected and disbursed.

(b) The department may examine books and records under this section at the corporation's expense.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 961.212. FEES. (a) The commissioner shall charge each of the following fees in an amount prescribed by the commissioner not to exceed:

(1) $400 for filing an annual operating statement;

(2) $3,000 for filing an application for a certificate of authority, including the fee for issuance of the certificate of
authority; and

(3) $100 for issuance of each additional certificate of authority and amendment of a certificate of authority.

(b) The comptroller shall collect the annual operating statement filing fee.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

SUBCHAPTER F. BENEFITS PROVIDED BY NONPROFIT LEGAL SERVICES CORPORATIONS

Sec. 961.251. APPLICANTS; BENEFIT CERTIFICATE. (a) A nonprofit legal services corporation may accept applicants and shall issue a benefit certificate to each applicant that becomes a participant under a legal services contract. Before issuance of the certificate, the applicant must pay the application fee, which does not apply as part of the cost of receiving benefits under the certificate.

(b) On issuance of the benefit certificate, the participant is entitled to the legal services stated in the certificate for the period provided by the certificate.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.252. APPROVAL OF FORMS. A benefit certificate, application form, or contract between a nonprofit legal services corporation and a participant's employer or group representative must be in a form approved by the department before issuance. The department may adopt rules relating to those forms to provide that they properly describe applicable benefits and are not unjust, misleading, or deceptive.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 961.253. TYPES OF LEGAL SERVICES CONTRACTS. A nonprofit legal services corporation may issue legal services
contracts on an individual, group, or franchise basis.
Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.254. INDEMNITY CONTRACTS. (a) A nonprofit legal services corporation may issue a contract for legal services, as provided by rules adopted by the commissioner, providing for indemnity for costs of services of an attorney who is not a contracting attorney if the department is satisfied that the corporation's plan of operation, experience, and financial standing, including a proper amount of unencumbered surplus, are adequate to ensure performance of the contract.

(b) A contract under Subsection (a) may be issued without the guarantee provided by Section 961.302(1).
Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 961.255. LIMITATIONS ON BENEFITS. A contract for legal services and a benefit certificate issued by a nonprofit legal services corporation may limit:

(1) the types and extent of benefits; and
(2) the circumstances under which legal services are provided.
Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 961.256. CLAIMS. (a) A nonprofit legal services corporation shall pay a lawful claim for payment under a benefit certificate not later than the 120th day after the date of receipt of due proof of claim.

(b) Written notice of a claim given to the corporation is considered due proof of claim under this section if the corporation does not provide to the claimant before the 16th day after the date notice is received the forms usually provided by the corporation for filing a claim.
Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.
The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.301. CONTRACTS WITH ATTORNEYS. (a) A nonprofit legal services corporation may contract with attorneys as provided by this chapter to ensure to each participant legal services performed by the attorneys under the contract for legal services between the corporation and the participant. A contracting attorney must be licensed to practice law in the jurisdiction in which legal services are to be provided.

(b) Before issuing a contract for legal services and while the corporation continues to issue those contracts, the corporation must maintain the number of contracting attorneys that the department determines is necessary to service the participant contracts contemplated by the corporation's plan of operation.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 961.302. AGREEMENT OF CONTRACTING ATTORNEYS. The contracting attorneys shall:

(1) guarantee to the participants the services stated under the participants' benefit certificates, except as provided by Section 961.254; and

(2) agree to perform without cost to the participants, other than the money of the nonprofit legal services corporation held for the participants' benefit under the corporation's plan of operation, services described by the benefit certificates.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 961.303. LIMITATIONS ON CORPORATION'S RELATIONSHIP WITH ATTORNEYS AND PARTICIPANTS. (a) A nonprofit legal services corporation may not:

(1) contract to practice law; or

(2) control or attempt to control the relationship
existing between a participant and the participant's attorney.

(b) The corporation may act only as an agent on behalf of its participants for legal services and, except as provided by Section 961.254, those services may be provided only by and through contracting attorneys. A contracting attorney must be an independent contractor maintaining a direct lawyer and client relationship with a participant and may not be an employee of the corporation.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.304. CONTRACT WITH ANY ATTORNEY REQUIRED. A nonprofit legal services corporation must agree to contract under Section 961.301 with any attorney licensed to practice law in this state.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.305. ATTORNEY INSURANCE REQUIRED. (a) Each contracting attorney shall maintain professional liability and errors and omissions insurance as required by the nonprofit legal services corporation with which the attorney contracts.

(b) The commissioner by rule may establish minimum amounts for coverage under Subsection (a).

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 961.306. PAYMENT ONLY FOR SERVICES PROVIDED. A nonprofit legal services corporation may not pay any of the claim funds collected from participants to an attorney except for legal services that the attorney provided to participants.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.
The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.307. COMPLAINT REGARDING ATTORNEY. If the department receives a complaint concerning the performance of an attorney connected with a nonprofit legal services corporation, the department shall refer the complaint to:

(1) the supreme court of this state or a person that the supreme court designates to receive attorney grievances from the public, if the attorney is licensed by this state; or

(2) the appropriate licensing agency of another jurisdiction where the attorney is licensed, if the attorney is not licensed by this state.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

SUBCHAPTER I. DISSOLUTION AND LIQUIDATION OF CORPORATION

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.401. SUPERVISION BY DEPARTMENT. The department shall supervise any dissolution or liquidation of a nonprofit legal services corporation.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.402. VOLUNTARY DISSOLUTION. (a) The board of directors of a nonprofit legal services corporation may vote to dissolve the corporation at any time, but the corporation may not be dissolved without the department's approval.

(b) In a dissolution under this section, the officers of the
corporation shall settle all outstanding obligations to participants and otherwise dispose of the corporation's affairs. After the officers have completed the corporation's liquidation and a final settlement has been filed with and approved by the department, the corporation shall be dissolved as provided by the provisions relating to voluntary dissolution under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes).

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.403. INVOLUNTARY DISSOLUTION. If the commissioner after notice and hearing determines that a nonprofit legal services corporation is insolvent or has violated this chapter, the corporation's affairs shall be disposed of:

(1) by a liquidator appointed by and under the supervision of the commissioner; or

(2) in an appropriate case, under the direction of a court in Travis County.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

The following section was amended by the 86th Legislature. Pending publication of the current statutes, see S.B. 1623, 86th Legislature, Regular Session, for amendments affecting the following section.

Sec. 961.404. PRIORITY OF CLAIMS. In a dissolution of a nonprofit legal services corporation, participants' claims have priority over all other claims except costs of liquidation.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.