

March 9, 2010

## Texas Business Organizations Code Now Applicable to Non-Profit Corporations

The Texas Business Organizations Code (the "TBOC") – enacted in 2003 and generally effective January 1, 2006 – combined the laws found in a number of Texas statutes (including the Texas Non-Profit Corporation Act and the Texas Unincorporated Non-Profit Association Act), standardized filing requirements and fees for Texas entities, made other substantive changes, and implemented new terminology. Initially, the TBOC only governed (i) Texas entities formed on or after January 1, 2006, and (ii) Texas entities formed before January 1, 2006 that voluntarily "opted in" to the TBOC. Texas entities formed before January 1, 2006 that had not "opted in" to the TBOC continued to be governed by the statutes under which they were formed. Charitable trusts, however, are not subject to the TBOC.

Effective January 1, 2010, the statutes in effect prior to the TBOC were repealed, and the TBOC automatically applies to all Texas entities, regardless of the formation date, subject to certain transitional rules.

If an entity was previously governed by a prior statute, it does not need to take any action; the TBOC will automatically apply and the entity's formation documents will be deemed to comply with the TBOC without amendment. However, if the entity's formation documents do not comply with the TBOC, it must conform its formation documents to the TBOC when it next files an amendment to its formation documents. Although most of the TBOC changes are relatively minor, you should consult with your attorney to ensure that you understand the impact of the new rules.

If you have any questions, please feel free to contact one of the attorneys listed below.

[Rice M. Tilley, Jr.\\*](mailto:rice.tilley@haynesboone.com)  
817.347.6611

[rice.tilley@haynesboone.com](mailto:rice.tilley@haynesboone.com)

[John M. Collins](mailto:john.collins@haynesboone.com)  
214.651.5564  
713.547.2002

[john.collins@haynesboone.com](mailto:john.collins@haynesboone.com)

[William D. Ratliff\\*](mailto:william.ratliff@haynesboone.com)  
817.347.6608

[william.ratliff@haynesboone.com](mailto:william.ratliff@haynesboone.com)

[J. Mitchell Miller](mailto:mitch.miller@haynesboone.com)  
214.651.5363

[mitch.miller@haynesboone.com](mailto:mitch.miller@haynesboone.com)

[Jeffrey E. Raley](mailto:jeff.raley@haynesboone.com)  
713.547.2088

[jeff.raley@haynesboone.com](mailto:jeff.raley@haynesboone.com)

[Danika H. Mendrygal](mailto:danika.mendrygal@haynesboone.com)  
214.651.5757

[danika.mendrygal@haynesboone.com](mailto:danika.mendrygal@haynesboone.com)

[Jeffrey S. Dinerstein](mailto:jeff.dinerstein@haynesboone.com)  
713.547.2065

[jeff.dinerstein@haynesboone.com](mailto:jeff.dinerstein@haynesboone.com)

[Jamie L. Harris](mailto:jamie.harris@haynesboone.com)  
214.651.5301

[jamie.harris@haynesboone.com](mailto:jamie.harris@haynesboone.com)

[Rebecca E. Whitacre](mailto:rebecca.whitacre@haynesboone.com)  
214.651.5112

[rebecca.whitacre@haynesboone.com](mailto:rebecca.whitacre@haynesboone.com)

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