CHAPTER 1: SELECTION OF FORM OF BUSINESS

1.0 IN GENERAL

1.1 ALTERNATIVES TO INCORPORATION
   (a) Sole Proprietorship
   (b) General Partnership
   (c) Joint Venture
   (d) Limited Partnership
   (e) Limited Liability Company
   (f) Limitation of Liability
   (g) Limited Liability Partnerships
   (h) Other Forms of Business Organization
      (i) Professional Association
      (ii) Other Statutory Forms of Doing Business

1.2 PRINCIPAL CORPORATE FORMS OF DOING BUSINESS
   (a) Introduction
   (b) General Business Corporation
   (c) Professional Corporation
   (d) Nonprofit Corporation
   (e) Close Corporation

1.3 NONTAX CONSIDERATIONS IN SELECTING FORM OF BUSINESS ORGANIZATION
   (a) Costs of Business Organization
   (b) Government Regulation
   (c) Continuity of Existence
   (d) Transferability of Interest
   (e) Exercise of Management Functions
   (f) Limitation of Liability
   (g) Alter Ego Doctrine

1.4 TAX CONSIDERATIONS
   (a) Individual Proprietorship
      (i) In General
      (ii) Retirement Plans
   (b) Partnership
      (i) In General
      (ii) Retirement Plans
   (c) Limited Liability Companies and Limited Partnerships
   (d) Corporation
      (i) In General
      (ii) Reducing the Effects of Double Taxation
      (iii) Other Tax Issues
   (e) S Election
      (i) In General
      (ii) Eligibility for Election
      (iii) Effect of Election
      (iv) Termination of Election
      (v) Revocation of Election
      (vi) Additional Considerations Relative to S Corporation Election
   (f) Section 1244 Stock
      Corporation Eligibility Requirements
(g) Accumulation of Corporate Earnings
   (i) Prohibited Purpose of Accumulation Tax Avoidance
   (ii) Burden of Proof
   (iii) Permissible Accumulations
   (iv) Unreasonable Accumulations
(h) Corporation Qualified Pension and Retirement Plans
(i) Additional Tax Factors
   (i) Salaries and Fringe Benefits
   (ii) Charitable Contributions
(j) Revised State Franchise Tax
   (i) The Franchise Tax
   (ii) The Margins Tax
(k) Comparison of Characteristics of Various Business Entities
   Chart of Characteristics

FORMS ON ACCOMPANYING CD
Certificate of Formation for a Nonprofit Corporation (Without Members)
Certificate of Formation for a Nonprofit Corporation (With Members)
Certificate of Formation for a Nonprofit Corporation (With Management Vested in Members)
Sample Bylaws of Nonprofit Corporation (Without Members)
Sample Bylaws of Nonprofit Corporation (With Members)
Sample Bylaws of Nonprofit Corporation (With Managing Members)
Unanimous Written Consent of Directors in Lieu of the First and Organizational Meeting of Directors
Unanimous Written Consent of Managing Members in Lieu of the First and Organizational Meeting of Managing Members

CHAPTER 2: LIMITED LIABILITY COMPANIES

2.1 INTRODUCTION AND DEFINITIONS
   (a) The Limited Liability Company
   (b) Definitions
2.2 IN GENERAL
   (a) Enactment of the Texas Limited Liability Company Act and the Texas Business Organizations Code
   (b) Limited Liability
   (c) Judgment Creditors
   (d) Interstate Operations
2.3 ORGANIZATION AND MANAGEMENT
   Structure
2.4 CERTIFICATE OF FORMATION REQUIRED CONTENTS
   (a) The Name of the Limited Liability Company
      (i) Inclusion of Limited, Ltd., or L.C.
      (ii) Identical and Deceptive Names
      (iii) Reserved Name
      (iv) Assumed Name
   (b) Period of Duration
   (c) Purpose
   (d) Registered Agent
      (i) Registered Office
      (ii) Change of Registered Office or Agent
      (iii) Resignation of Registered Agent
   (e) Initial Managers
   (f) Certificate of Formation Optional Provisions
   (g) Amendments to the Certificate of Formation
2.5 COMPLETING ORGANIZATION OF THE LIMITED LIABILITY COMPANY

Adoption of Company Agreement

(i) In General
(ii) Contents of the Company Agreement
(iii) Other Matters Subject to Provisions of the Company Agreement

2.6 TAX CONSIDERATIONS

(a) Simplification of Entity Classification Rules
   (i) Free Transferability of Interests
   (ii) Centralization of Management
   (iii) Continuity of Life
(b) Classification of Organizations
(c) Classification of Business Entities
(d) Elections by Eligible Entities
(e) Classification of Existing Entities
(f) Effect of Regulations on LLCs

2.7 PROFESSIONAL LIMITED LIABILITY COMPANIES

(a) Introduction and Definitions
(b) Limited Liability of the PLLC
(c) Company Agreement for the PLLC—Required Contents
   Name of the Professional Limited Liability Company

2.8 SERIES LIMITED LIABILITY COMPANIES

(a) Introduction and Definitions

FORMS ON ACCOMPANYING CD
Certificate of Formation—Limited Liability Company (SOS Form 205)
Article ____. Put and Call Options
Limited Liability Company Information Questionnaire
LLC Certificate Legend
Company Agreement—Members and Managers
Company Agreement—50/50 Managers and Members
Company Agreement—Sole Member
Organizational Consent of Managers
Organizational Consent of Sole Manager
Unanimous Written Consent of the Managers in Lieu of the Annual Meeting of Managers
Unanimous Written Consent of Members in Lieu of the Annual Meeting of Members
Assignment of Membership Interest
Membership Interest Purchase Agreement

CHAPTER 3: INCORPORATING

3.1 PREPARING TO INCORPORATE

(a) Initial Considerations
(b) Checklist of Incorporation Procedures

3.2 PROMOTERS AND INCORPORATORS

(a) Definition and Functions of Promoters
(b) Promoter’s Rights and Liabilities
(c) Liability of Corporation for Promoter’s Contracts
(d) Organizers

3.3 PREINCORPORATION ACTIONS

Subscription Agreements
3.4 NAMING THE CORPORATION
(a) Statutory Requirements
   Include “Corporation,” “Company,” “Incorporated,” or “Limited”
(b) Prohibited Names
(c) Identical and Deceptive Names
(d) New Law: Distinguishable Names Required
(e) Names Requiring a Letter of Consent
(f) Name Availability
(g) Use of Assumed Name by Corporation
   (i) Which Corporations May Use an Assumed Name
   (ii) Procedure
(h) Registered Name by Foreign Corporation

3.5 ADDITIONAL PREINCORPORATION CONSIDERATIONS
(a) Selection of Fiscal Year
(b) Election to Capitalize Organizational Costs

3.6 CERTIFICATE OF FORMATION—REQUIRED CONTENTS
(a) The Name of the Filing Entity
(b) The Type of Filing Entity
(c) Purpose
   (i) The Purpose or Purposes for Which the Corporation Is Organized
   (ii) Defense of Ultra Vires
(d) The Period of Duration
(e) Registered Agent
   Who or What May Be a Registered Agent
(f) Registered Office
   Change of Address and Name of Registered Agent
(g) Organizers
(h) Aggregate Number of Shares and Class
(i) Initial Directors

3.7 CERTIFICATE OF FORMATION OPTIONAL PROVISIONS
(a) Cumulative Voting
(b) Corporation Authorization to Purchase Own Shares
(c) Limitation of Denial of Preemptive Rights
(d) Close Corporation Provisions
(e) Shareholder Agreements
(f) Checklist of Additional Optional Provisions

3.8 EXECUTION OF CERTIFICATE OF FORMATION
(a) Statutory Requirements
(b) Filing Certificate of Formation with Secretary of State—Fees
   (i) In General
   (ii) Filing and Special Handling—Fees

3.9 COMPLETING CORPORATE ORGANIZATION
(a) Adoption of Bylaws
   (i) In General
   (ii) Contents of Bylaws
   (iii) Matters Subject to Provisions of Bylaws
(b) Organizational Meeting of Directors
   (i) Statutory Requirement—Notice
   (ii) Checklist for Organizational Meeting of Directors
FORMS ON ACCOMPANYING CD
Corporate Data Summary
Consent Letter
Application for Reservation or Renewal of Reservation of an Entity (SOS Form 501)
Application for Registration of an Entity Name (SOS Form 502)
Assumed-Name Certificate for an
Incorporated Business or Profession
Resignation of Registered Agent
Change of Registered Agent/Office (SOS Form 401)
Certificate of Formation—For-Profit Corporation (SOS Form 201)
Bylaws of a Corporation
Bylaws of a Professional Association
Waiver of Notice of Meeting
Unanimous Written Consent of Directors in Lieu of the First and
Organizational Meeting of Directors
Unanimous Written Consent of Directors in Lieu of the First and
Organizational Meeting of Directors (Sole Director)
Organizational Meeting Minutes
Transmittal Letter Filing Certificate of Formation
Fee Schedule (SOS Form 806)

CHAPTER 4: SECURITIES

4.1 ISSUING SECURITIES
   (a) In General
   (b) Issuance of Securities by Texas Corporations
      (i) Classes of Shares
      (ii) Common and Preferred Shares
   (c) Series Issuance of Shares Established by the Board of Directors
      (i) Historical Development
      (ii) Series Issuance of Shares Pursuant to Board Resolution
   (d) Consideration for Shares
      (i) Determination of Consideration
      (ii) Minimum Consideration
      (iii) Consideration for Stock
      (iv) Use of Consideration to Pay Organizational Expenses
   (e) Subscriptions for Shares
   (f) Share Certificates
      (i) In General
      (ii) Certificate Legends
(g) Preemptive Rights
   (i) In General
   (ii) Statutory Authority
   (iii) Considerations in a Decision to Provide Preemptive Rights

(h) Stock Rights, Options, and Convertible Debentures
   (i) Definitions
   (ii) Authority of Corporation to Issue
   (iii) Permissible Consideration
   (iv) Tax Effects of a Stock Option

4.2 DEBT VERSUS EQUITY
   (a) Classification of Instrument as Debt or Equity Securities
   (b) Selection of Debt or Equity
   (c) Debt Financing—Limitations

4.3 FEDERAL SECURITIES LAWS
   (a) In General
   (b) Security Defined
      (i) Statutory Definition
      (ii) Case Law Interpretation
   (c) Registration and Disclosure Requirements
      (i) Integrated Disclosure
      (ii) Shelf Registrations
      (iii) Communications
      (iv) Financial Reporting Requirements for Emerging Growth Companies
      (v) Disclosure Under the Securities Exchange Act of 1934
   (d) Exemption of Designated Securities and Transactions
   (e) Exempt Securities
      (i) Generally
      (ii) Intrastate Offering Exemption
   (f) Exempt Transactions
      (i) In General
      (ii) Private Offering Exemption
      (iii) Small Offering Exemption—Regulation A
      (iv) Exempt Transactions for Issuers
   (g) Regulation D Offerings
      (i) Preliminary Considerations
      (ii) Terms and Definitions
      (iii) Requirements Applicable to All Regulation D Offerings
      (iv) Notice of Sales—Form D
      (v) Rule 506 Offerings
      (vi) Rule 504 Offerings
      (vii) Rule 144A
   (h) Liability Under the Securities Exchange Act of 1934
      (i) Civil Liability to Injured Investors and Issuers
      (ii) Bribery
   (i) Rules on Nonpublic Information Used to Purchase Securities

4.4 REGISTRATION UNDER THE TEXAS SECURITIES ACT
   (a) In General
   (b) Definitions
   (c) Registration Requirement for Dealers and Salespersons
(i) In General
(ii) Registration Procedure
(iii) Issuance and Renewal of Registration Certificates

(d) Requirement of Registration of Securities
   (i) Security Defined
   (ii) Offer and Sale Defined
   (iii) Securities Transaction Deemed Made in Texas

(e) Exempt Securities and Transactions
   (i) In General
   (ii) Exempt Securities
   (iii) Exempt Transactions
   (iv) Small Offering Exemptions
   (v) Secondary Trading Exemption

(f) Registration of Securities
   (i) In General
   (ii) Registration by Notification
   (iii) Registration by Coordination
   (iv) Qualification of Securities

FORMS ON ACCOMPANYING CD
Legend—Not Registered
Restrictive Legend on Stock Certificate—Shareholders’ Agreement
Incentive Stock Option Plan
Stock Option Agreement
Nonstatutory Stock Option Plan
Nonstatutory Stock Option Agreement
Warrant to Purchase Common Stock
Notice of Election to Exercise Warrant
Registration Rights Agreement
Subordinated Convertible Note
Investment Letter
Affidavit of Lost Stock Certificate
Subscription Agreement

CHAPTER 5: DIRECTORS, OFFICERS, AND SHAREHOLDERS

5.1 DIRECTORS
   (a) Definitions
   (b) Qualifications, Tenure, and Compensation of Directors
      (i) Qualifications
      (ii) Term of Office
      (iii) Compensation
   (c) Vacancies on Board of Directors
      (i) In General
      (ii) Removal of Directors
      (iii) Filling Vacancies
   (d) Meetings of Board of Directors
      (i) In General
      (ii) Place of Meetings
      (iii) Notice of Meetings
      (iv) Quorum Requirement
(v) Meetings Conducted by Conference Telephone
(vi) Actions Without Meetings by Unanimous Consent

(e) Duties and Powers of Directors
   (i) General Standard of Performance
   (ii) Duties Owed to Minority Shareholders
   (iii) Managerial Responsibilities
   (iv) Powers of Corporation Exercisable by Directors
   (v) Increase or Decrease in Votes Available Per Director on Specified Matters

(f) Committees of the Board of Directors
   (i) Authority to Create
   (ii) Board Actions That May Not Be Delegated to Committees

(g) Liability of Directors
   (i) In General
   (ii) Conflict of Interest Transactions
   (iii) Unlawful Loans to Officers and Directors
   (iv) Unlawful Dividends or Other Distributions
   (v) Survival of Director Liability After Termination
   (vi) Failure to Pay Taxes
   (vii) Creditors of the Corporation
   (viii) Statute of Limitations for Fraud or Breach of Fiduciary Duty

(h) Defenses
   (i) Reliance Upon Information Supplied by Others
   (ii) Reliance Upon Financial Statements
   (iii) Business Judgment Rule

(i) Certificate of Formation Provisions Limiting Director Liability
   (i) In General
   (ii) Statutory Authority for Limitation

(j) Indemnification and Insurance
   (i) Corporate Authority to Indemnify
   (ii) Insurance

5.2 OFFICERS
(a) Corporate Officers
(b) Election and Removal of Officers
   (i) Election
   (ii) Removal
(c) Compensation of Officers
(d) Duties of Officers
   (i) Miscellaneous Duties
   (ii) Duties Prescribed by Statute
   (iii) Standard of Care—Liability
   (iv) Reliance Upon Information Supplied by Others
(e) Authority of Officers to Bind Corporation
   (i) In General
   (ii) Authority of Corporate President
   (iii) Authority of Corporate General Manager
   (iv) Corporate Ratification of Unauthorized Acts

5.3 DUTIES AND LIABILITIES OF SHAREHOLDERS
(a) Payment of Consideration for Shares
(b) Duty of Controlling Shareholders
(i) Fiduciary Duty
(ii) Sale of Controlling Corporate Interest
(c) Shareholder Liability for Unlawful Distributions
(d) Problems Particular to Minority Shareholders
   (i) In General
   (ii) “Squeeze Out” Techniques
   (iii) Minority Shareholder Rights and Protections
(e) Derivative Proceedings
   (i) Filing a Demand with the Corporation
   (ii) Staying a Derivative Proceeding
   (iii) Dismissal of Derivative Proceedings
   (iv) Discontinuance or Settlement of a Derivative Proceeding
   (v) Payment of Expenses

5.4 CRIMINAL LIABILITY
   (a) Of the Corporation
   (b) Of Individuals

FORMS ON ACCOMPANYING CD
Notice of Annual Meeting of Board of Directors
Notice of Special Meeting of Board of Directors
Waiver of Notice of Meeting
Corporate Information Questionnaire
Minutes of the Annual Meeting of the Board of Directors
Minutes of a Special Meeting of the Board of Directors
Unanimous Written Consent of the Board of Directors in Lieu of the Annual Meeting of Directors
Meeting by Unanimous Consent of the Board of Directors in Lieu of a Special Meeting of the Board of Directors

CHAPTER 6: SHAREHOLDERS’ MEETINGS AND VOTING

6.0 INTRODUCTION

6.1 MEETINGS AND ACTIONS WITHOUT MEETINGS
   (a) Meetings Generally
      (i) Annual Meetings
      (ii) Call of Special Meetings
      (iii) Place of Meetings
   (b) Notice of Meetings
      (i) In General
      (ii) How Notice Is to Be Given
      (iii) Contents of Notice
   (c) Waivers of Notice
      Statutory Authority
   (d) Record of Shareholders
   (e) Voting Lists
   (f) Quorum
   (g) Procedure at Shareholders’ Meetings
      (i) Preparation for Meeting
      (ii) Chairing the Meeting
      (iii) Agenda for Meeting
      (iv) Minutes of Meeting
   (h) Action by Shareholders Without Meeting
      (i) Action by Consent
      (ii) Conduct of Meeting by Telephone Conference

6.2 VOTING OF SHARES
   (a) Voting Rights
(i) In General
(ii) Limitation on Voting Rights
(iii) Voting Fractional Shares
(iv) Class Voting
(v) Determination of Record Date for Notice, Voting, and Other Purposes
(vi) Voting by Fiduciaries, Receivers, Pledgees, and Minors
(vii) Voting by Corporation of Shares Standing in the Name of Another Corporation

(b) Voting Trusts and Voting Agreements
   (i) Voting Trusts
   (ii) Voting Agreements

(c) Voting by Proxy
   (i) In General
   (ii) Nature and Duration
   (iii) Revocability of Proxies

(d) Election of Directors
   (i) In General
   (ii) Cumulative Voting
   (iii) Classification of Directors

6.3 RECORD OF TRANSFER OF SECURITIES
Restrictions on Transfer of Corporate Securities

6.4 INSPECTION RIGHTS
(a) Shareholders
   (i) Eligibility to Exercise Right of Inspection
   (ii) Documents Subject to Inspection
(b) Directors’ Right to Inspect
(c) Regulatory Agencies Right to Inspect
   (i) Attorney General
   (ii) Secretary of State
   (iii) Securities Commissioner
   (iv) Comptroller of Public Accounts
(d) Inspection Rights—Penalties and Liabilities
   (i) Refusal to Permit Shareholder Inspection
   (ii) Defenses
   (iii) Failure to Maintain Voting List
   (iv) Refusal of Corporation to Permit Inspection by State Officials

FORMS ON ACCOMPANYING CD
Notice of Annual Meeting of Shareholders
Notice of Special Meeting of Stockholders
Waiver of Written Notice of Meeting of Shareholders
Minutes of Annual Meeting of the Shareholders
Unanimous Consent to Annual Meeting of Shareholders
Unanimous Written Consent of Shareholders in Lieu of Annual Meeting of Shareholders
Proxy for Annual Meeting of Shareholders
Demand for Stockholders’ List and Other Records

CHAPTER 7: SHAREHOLDERS’ AGREEMENTS

7.0 INTRODUCTION
   (a) In General
   (b) Purposes of Agreements
   (c) Types of Buy-Sell Agreements

7.1 NONTAX CONSIDERATIONS IN SELECTING AN AGREEMENT
   (a) Number of Shareholders
   (b) Size of Interests
7.2 TAX CONSIDERATIONS IN SELECTING AGREEMENT
(a) Comparative Tax Burdens
(b) Double Taxation
(c) Tax Consequences to Seller
(d) Valuation of Interest for Federal Estate Tax Purposes
   (i) In General
   (ii) Agreement Requirements
(e) Valuation of Interest for Texas Inheritance Tax Purposes

7.3 FUNDING BUY-SELL AGREEMENTS
(a) Funding Agreements With Personal or Entity Funds
(b) Funding Agreements With Insurance

7.4 METHODS OF FIXING PURCHASE PRICE
(a) In General
(b) Agreement of the Parties
(c) Appraisal at Time of Purchase
(d) Capitalization of Earnings
(e) Book Value

7.5 CERTIFICATE LEGENDS AND LIMITATIONS ON TRANSFER RESTRICTIONS
(a) Certificate Legends
(b) Valid Restrictions

FORMS ON ACCOMPANYING CD
Statement of Filing of Transfer Restrictions for Public Record
Sample Buy-Sell Agreement (Entity Obligation to Purchase in the Event of Death)
Shareholder Agreement (Right to Purchase in Certain Events, Founding and Nonfounding Shareholders, Adjusted Formula Valuation or Appraisal)
Shareholder Agreement (Right to Purchase in Certain Events, Including Mandatory Buy-Out)
Shareholders’ Agreement (Option to Purchase in Event of Transfer, Sale by Operation of Law, Formula Purchase Price)
Spousal Consent to Shareholder Agreement
Unanimous Consent of the Shareholders

CHAPTER 8: AMENDMENT OF CERTIFICATE AND BYLAWS

8.1 AMENDMENT OF CERTIFICATE OF FORMATION
(a) In General
(b) Statutory Authority
(c) Procedure to Amend Certificate of Formation
   (i) In General
   (ii) Resolution for Amendment—Adoption by Board of Directors
   (iii) Adoption of Amendment by Shareholders Without Meeting
   (iv) Shareholders’ Meeting to Adopt Amendment—Notice
   (v) Required Vote of Shareholders
   (vi) Class Voting on Amendments
(d) Amendment of Certificate of Formation to Adopt Close Corporation Status
(e) Contents of Certificate of Amendment
   Statutory Requirements
(f) Execution of Certificate of Amendment
(g) Filing Certificate of Amendment with the Secretary of State
(h) Delayed Effectiveness of Certain Filings
   (i) In General
   (ii) Acts Effective Upon a Specified Date and Time
   (iii) Acts Effective Upon Future Facts or Events

(i) Effect of Issuance of Certificate of Amendment
(j) Restated Certificate of Formation
   (i) Statutory Authority

8.2 AMENDMENT OF BYLAWS
   (a) Statutory Authority
   (b) Considerations in Decision to Amend Bylaws
   (c) Procedure to Effect Amendment

8.3 CORRECTION OF INACCURATE OR DEFECTIVE INSTRUMENTS
   (a) In General
   (b) Certificate of Correction—Contents
   (c) Filing Certificate of Correction with Secretary of State—Fees
   (d) Effect of Filing of Certificate of Correction
   (e) Filing of Reproductions

FORMS ON ACCOMPANYING CD
Certificate of Amendment (SOS Form 424)
Restated Certificate of Formation With New Amendment (SOS Form 414)
Unanimous Consent of the Board of Directors Amending Its Bylaws
Certificate of Correction (SOS Form 403)
Unanimous Consent of the Board of Directors Amending Its Certificate of Formation
Unanimous Consent of the Shareholders Amending Its Certificate of Formation

CHAPTER 9: DIVIDENDS, DISTRIBUTIONS, AND THE REACQUISITION OF SHARES

9.0 INTRODUCTION

9.1 DIVIDENDS
   (a) In General
      Forms of Dividend Payments
   (b) Board Discretion to Declare and Shareholders’ Right to Dividends
      (i) General Rule
      (ii) Limitations on Board Discretion
      (iii) Shareholders’ Right to Dividends
   (c) Restrictions on Payment of Dividends
      Statutory Restrictions
   (d) Sources of Dividend Payments
      (i) In General
      (ii) Definitions
      (iii) Special Provisions Relating to Surplus and Reserves
      (iv) Distributions of Cash or Property
      (v) Stock Dividends
   (e) Liquidating Distributions
      (i) In General
      (ii) Limitations on Liquidating Distributions

9.2 REPURCHASE OF SHARES
   (a) Reasons for Repurchase of Shares
   (b) Authority to Reacquire Shares
9.3 REDEMPTION OF SECURITIES
(a) Statutory Authority
(b) Restrictions on Redemptions
(c) Procedure for Redemption
   (i) In General
   (ii) Content of Required Notice
   (iii) Timing of Notice
   (iv) Deposit of Redemption Payments
(d) Effect of Redemption
   (i) In General
   (ii) Cancellation of Shares

9.4 LIABILITY OF DIRECTORS AND SHAREHOLDERS
(a) Directors
(b) Shareholders

9.5 CORPORATE DISTRIBUTIONS—TAX CONSIDERATIONS
(a) In General
(b) Nonliquidating Distributions
   (i) Dividends
   (ii) Share Dividends
   (iii) Redemptions
   (iv) Partial Liquidations
   (v) Distributions of Appreciated Property
(c) Liquidating Distributions

9.6 CANCELLATION OF TREASURY SHARES
(a) Treasury Shares—Defined
(b) Statutory Authority for Cancellation
(c) Effect of Cancellation

9.7 REDUCTION OF STATED CAPITAL
(a) In General
(b) Reduction of Stated Capital Represented by Shares Without Par Value
   (i) Statutory Authority
   (ii) Limitations
   (iii) Shareholder Approval of Reduction
   (iv) Effect of the Resolution Approving the Reduction of Stated Capital

CHAPTER 10: MERGERS & CONVERSIONS

10.1 BASIC DECISIONS BEFORE MERGER
(a) In General
(b) Tax Factors
   (i) Tax-Free Mergers
   (ii) Triangular Mergers
(c) Antitrust Laws
(d) Effect on Control
(e) Federal Securities Laws
   (i) In General
   (ii) Exemptions From Registration
10.2 PRELIMINARY PLANNING
(a) Reviewing Data
(b) Related Activities
(c) Time Schedule and Allocation of Responsibility

10.3 MERGER AMONG DOMESTIC CORPORATIONS
(a) Statutory Authorization and Procedure for Merger
(b) Provisions of the Agreement of Merger
   (i) General Matters
   (ii) Provisions as to Conversion of Securities
(c) Notice to Shareholders
(d) Meeting of Shareholders
(e) Abandonment of Plan of Merger
(f) Amendment of Agreement of Merger
(g) Share Exchanges or Acquisitions

10.4 MERGERS INVOLVING CLOSE CORPORATIONS

10.5 DISSENTER’S RIGHTS
(a) In General
(b) Procedure
   (i) Written Objection
   (ii) Notice of Approval
   (iii) Written Demand for Payment
   (iv) Notice of Acceptance/Counterproposal
   (v) Filing of Petition
   (vi) Posthearing Procedures
(c) Dissenter’s Rights—Time Period Chart

10.6 FILING CERTIFICATE OF MERGER AND CONSUMMATING MERGER
(a) Filing with Secretary of State
(b) Consummating the Merger or Share Exchange
(c) Abandoning the Merger or Share Exchange
(d) Effect of Merger

10.7 MERGER AMONG DOMESTIC AND FOREIGN CORPORATIONS
(a) General Authorization and Procedure
(b) Surviving Corporation as a Domestic Corporation
(c) Surviving Corporation as a Foreign Corporation
(d) Foreign States’ Requirements for Merger

10.8 SHORT FORM MERGER
(a) In General
(b) Specific Requirements for Certificate of Merger
(c) Dissenter’s Rights in Short Form Merger

10.9 DISPOSITION OF ASSETS
(a) Board Approval
(b) Shareholder Approval
(c) Dissenter’s Rights
(d) Effect of Disposition

10.10 PROTECTION OF MINORITY SHAREHOLDERS
10.11 MERGERS OR SHARE EXCHANGES PURSUANT TO REORGANIZATION UNDER FEDERAL BANKRUPTCY LAWS

(a) In General
(b) Authority to Sign Documents
(c) Procedure for Merger or Share Exchange

10.12 CONVERSIONS

(a) Introduction
   (i) In General
   (ii) Corporations and Business Entities Eligible for Conversion
   (iii) Legal Effect of a Conversion

(b) The Plan of Conversion
   (i) Preparing the Plan of Conversion
   (ii) Dissenter’s Rights

(c) The Certificate of Conversion
   (i) Preparing the Certificate of Conversion
   (ii) Filing the Certificate of Conversion With the Secretary of State

(d) Abandoning the Conversion
   Requirements for Abandoning the Conversion

FORMS ON ACCOMPANYING CD

Plan of Merger
Approval of Plan of Merger by the Directors
Notice to Shareholders of a Special Meeting to Consider Plan of Merger
Form of Proxy
Notice of Dissenter’s Rights
Simple Resolution Approving Plan of Merger
Resolution of Abandonment of Merger
Certificate of Merger—Combination Merger (SOS Form 622)
Resolution of Board Approving Plan of Short Form Merger
Parent-Subsidiary Certificate of Merger (SOS Form 623)
Asset Purchase Agreement
Asset Purchase Agreement (With Noncompetition and Confidentiality Provisions)
Agreement for Purchase and Sale of Stock
Stock Purchase Agreement
Purchase Agreement
Certificate of Preferred Stock Designation
Consent in Lieu of Special Meeting of the Board of Directors
Certificate of Conversion of a Corporation Converting to a Limited Liability Company (SOS Form 632)
Certificate of Conversion of a Corporation Converting to a Limited Partnership (SOS Form 633)
Unanimous Written Consent of the Board of Directors in Lieu of the Special Meeting of Directors
Unanimous Written Consent of Shareholders in Lieu of the Special Meeting of Shareholders
Limited Partnership Agreement

CHAPTER 11: WINDING UP AND TERMINATION

11.0 IN GENERAL

11.1 VOLUNTARY WINDING UP AND TERMINATION
   (a) Generally
   (b) Threshold Considerations
      Duty to Minority Shareholders
   (c) Informal Methods of Voluntary Winding Up
(i) In General
(ii) Winding Up by Directors or Organizers
(iii) Winding Up by Written Consent of Shareholders

(d) Winding Up by Formal Corporate Action
   (i) In General
   (ii) Authorized Procedure
   (iii) Corporate Duties Prior to Filing Certificate of Termination
   (iv) Certificate of Termination
   (v) Filing Certificate of Termination
   (vi) Effect of Filing of Certificate of Termination

(e) Revocation of Voluntary Winding Up Proceedings
   (i) In General
   (ii) Revocation by Formal Corporate Action—Procedure
   (iii) Filings Required for Revocation of Voluntary Winding Up Proceedings

(f) Corporate Actions After Termination
   (i) Limited Purposes of Continued Existence
   (ii) Authority of Directors During Post-Termination Period
   (iii) Procedure for Accelerated Extinguishment of Claims Following Termination

(g) Revocation of Termination by the Courts

11.2 TAX CONSIDERATIONS IN WINDING UP

In General
Liquidating Distributions

11.3 INVOLUNTARY TERMINATION

(a) In General
(b) By Order of Secretary of State
   (i) Grounds
   (ii) Notice of Delinquency
   (iii) Effect of Issuance of Certificate of Termination
   (iv) Reinstatement by Secretary of State

(c) Action Brought by Attorney General
   (i) Statutory Authority
   (ii) Notice
   (iii) Cure of Default
   (iv) Decree of Involuntary Termination

(d) Appointment of Receiver for Specific Corporate Assets

(e) Appointment of Receiver to Rehabilitate Corporation
   (i) In General
   (ii) Qualifications, Powers, and Duties of Receivers
   (iii) In Action by Shareholder
   (iv) In Actions by Creditors
   (v) Temporary Nature of Appointment

(f) Jurisdiction of Court to Liquidate Corporate Assets
   (i) Statutory Authority
   (ii) Authorized Actions

FORMS ON ACCOMPANYING CD
Certificate of Termination of a Domestic Entity (SOS Form 651)
Unanimous Consent of Shareholders and Directors to Wind Up and Liquidate Corporation Pursuant to Plan of Liquidation
APPENDIX

TEXAS BUSINESS ORGANIZATIONS CODE
REGULATION D
TBOC SOS FORMS
DIRECTORY
BIBLIOGRAPHY
TABLE OF CASES
INDEX
INDEX TO FORMS