§ 10.101. Conversion of domestic entities.
(a) A domestic entity may convert into a different type of domestic entity or a non-code organization by adopting a plan of conversion.

(b) To effect a conversion, the converting entity must act on and the owners or members of the domestic entity must approve a plan of conversion in the manner prescribed by this code for the approval of conversions by the domestic entity or, if not prescribed by this code, in the same manner as prescribed by this code for the adoption and approval of a plan of merger by the domestic entity when the domestic entity does not survive the merger.

(c) A domestic entity subject to dissenters' rights must provide the notice required by Section 10.355.

(d) A conversion may not take effect if the conversion is prohibited by or inconsistent with the laws of the converted entity's jurisdiction of formation, and the formation, incorporation, or organization of the converted entity under the plan of conversion must be effected in compliance with those laws pursuant to the plan of conversion.

(e) At the time a conversion takes effect, each owner or member of the converting entity, other than those who receive payment of their ownership or membership interest under any applicable provisions of this code relating to dissent and appraisal, has, unless otherwise agreed to by that owner or member, an ownership or membership interest in, and is the owner or member of, the converted entity.

(f) A domestic entity may not convert under this section if an owner or member of the domestic entity, as a result of the conversion, becomes subject to owner liability, without the consent of the owner or member, for a liability or other obligation of the converted entity.

§ 10.102. Conversion of non-code organizations.
(a) A non-code organization may convert into a domestic entity by adopting a plan of conversion as provided by this section.
(b) To effect a conversion, the non-code organization must take any action that may be required for a conversion under the laws of the organization’s jurisdiction of formation and the organization's governing documents.

(c) The conversion must be permitted by the laws under which the non-code organization is incorporated or organized or by its governing documents, which may not be inconsistent with the laws of the jurisdiction in which the non-code organization is incorporated or organized.

§ 10.1025. Conversion and continuance.
(a) A converting entity may elect to continue its existence in its current organizational form and jurisdiction of formation in connection with the entity’s:

(1) conversion under Section 10.101 as a domestic entity of one organizational form into a non-United States entity of the same organizational form; or

(2) conversion under Section 10.102 as a non-United States entity of one organizational form into a domestic entity of the same organizational form.

(b) The election permitted by Subsection (a) for the converting entity to continue its existence in its current organizational form and jurisdiction of formation must be:

(1) adopted and approved as part of the plan of conversion for the converting entity as required by Section 10.101(b) or 10.102(b), as applicable; and

(2) permitted by, or not prohibited by and inconsistent with, the laws of the applicable non-United States jurisdiction.

(c) Section 10.156(2) does not apply in connection with the filing of the certificate of conversion if the converting entity is a domestic filing entity that elects to continue its existence in accordance with this section.

(d) Chapter 9 does not apply to a non-United States entity that also exists as a domestic filing entity because of a conversion and election to continue its existence in accordance with this section.

§ 10.103. Plan of conversion: required provisions.
(a) A plan of conversion must be in writing and must include:
(1) the name of the converting entity;

(2) the name of the converted entity;

(3) a statement that the converting entity is continuing its existence in the organizational form of the converted entity;

(4) a statement of the type of entity that the converted entity is to be and the converted entity's jurisdiction of formation;

(5) if Sections 10.1025 and 10.109 do not apply, the manner and basis, including use of a formula, of converting the ownership or membership interests of the converting entity into ownership or membership interests of the converted entity;

(6) any certificate of formation required to be filed under this code if the converted entity is a filing entity;

(7) the certificate of formation or similar organizational document of the converted entity if the converted entity is not a filing entity; and

(8) if Sections 10.1025 and 10.109 apply, a statement that the converting entity is electing to continue its existence in its current organizational form and jurisdiction of formation after the conversion takes effect.

(b) An item required by Subsection (a)(6) or (7) may be included in the plan of conversion by an attachment or exhibit to the plan.

(c) Any of the terms of the plan of conversion may be made dependent on facts ascertainable outside of the plan if the manner in which those facts will operate on the terms of the conversion is clearly and expressly stated in the plan. In this subsection, "facts" includes the occurrence of any event, including a determination or action by any person.


A plan of conversion may include other provisions relating to the conversion that are not inconsistent with law.
§ 10.105. Effectiveness of conversion.

Except as otherwise provided by Subchapter B, Chapter 4, a conversion takes effect at the time provided by the plan of conversion, except that a conversion that requires a filing under Subchapter D takes effect on the acceptance of the filing of the certificate of conversion by the filing officer.

§ 10.106. General effect of conversion.

When a conversion takes effect:

(1) the converting entity continues to exist without interruption in the organizational form of the converted entity rather than in the organizational form of the converting entity;

(2) all rights, title, and interests to all property owned by the converting entity continues to be owned, subject to any existing liens or other encumbrances on the property, by the converted entity in the new organizational form without:

(A) reversion or impairment;

(B) further act or deed; or

(C) any transfer or assignment having occurred;

(3) all liabilities and obligations of the converting entity continue to be liabilities and obligations of the converted entity in the new organizational form without impairment or diminution because of the conversion;

(4) the rights of creditors or other parties with respect to or against the previous owners or members of the converting entity in their capacities as owners or members in existence when the conversion takes effect continue to exist as to those liabilities and obligations and may be enforced by the creditors and obligees as if a conversion had not occurred;

(5) a proceeding pending by or against the converting entity or by or against any of the converting entity's owners or members in their capacities as owners or members may be continued by or against the converted entity in the new organizational form and by or against the previous owners or members without a need for substituting a party;
(6) the ownership or membership interests of the converting entity that are to be converted into ownership or membership interests of the converted entity as provided in the plan of conversion are converted as provided by the plan, and if the converting entity is a domestic entity, the former owners or members of the domestic entity are entitled only to the rights provided in the plan of conversion or a right of dissent and appraisal under this code;

(7) if, after the conversion takes effect, an owner or member of the converted entity as an owner or member is liable for the liabilities or obligations of the converted entity, the owner or member is liable for the liabilities and obligations of the converting entity that existed before the conversion took effect only to the extent that the owner or member:

(A) agrees in writing to be liable for the liabilities or obligations;

(B) was liable, before the conversion took effect, for the liabilities or obligations; or

(C) by becoming an owner or member of the converted entity, becomes liable under other applicable law for the existing liabilities and obligations of the converted entity; and

(8) if the converted entity is a non-code organization, the converted entity is considered to have:

(A) appointed the secretary of state in this state as its agent for service of process in a proceeding to enforce any obligation or the rights of dissenting owners or members of the converting domestic entity; and

(B) agreed that the converted entity will promptly pay the dissenting owners or members of the converting domestic entity the amount, if any, to which they are entitled under this code.

§ 10.107. Special provisions applying to partnership conversions.

(a) If a partnership is formed under a plan of conversion under this code, the existence of the partnership as a partnership begins when the conversion takes effect, and the owners or members designated to become the partners under the plan of conversion become the partners at that time.

(b) The partnership agreement of a domestic partnership that is converting must contain provisions that authorize the conversion provided for in the plan of conversion adopted by the partnership.

(c) A domestic partnership that is converting must approve the plan of conversion in the manner provided in its partnership agreement.
§ 10.108. Special provisions applying to nonprofit corporation and nonprofit association conversions.

A domestic nonprofit corporation or nonprofit association may not convert into a for-profit entity.

§ 10.109. Special provisions applying to conversion and continuance.

(a) This section applies only to a converting entity that elects to continue its existence in accordance with Section 10.1025.

(b) When the conversion of a converting entity to which this section applies takes effect:

(1) notwithstanding Section 10.106(1), the converting entity continues to exist both in its current organizational form and jurisdiction of formation and, as the converted entity, in the same organizational form in the new jurisdiction of formation;

(2) the converting entity and the converted entity, for purposes of the laws of this state, constitute a single entity formed, incorporated, created, or otherwise having come into being, as applicable, and existing under the laws of this state and the laws of the applicable non-United States jurisdiction, so long as the entity continues to exist as a domestic entity under the laws of this state following the conversion;

(3) if the converting entity is a domestic entity, this code and the other laws of this state apply to the converted entity to the same extent as the laws applied to the entity before the conversion;

(4) if the converting entity is a non-United States entity, the laws of the applicable non-United States jurisdiction apply to the converted entity to the same extent as the laws applied to the entity before the conversion;

(5) notwithstanding Section 10.106(2), all rights, title, and interests in all property owned by the converting entity continue to be owned by the converted entity, subject to any existing liens or other encumbrances on the property, in both the organizational form of the converting entity and the organizational form of the converted entity without:

(A) reversion or impairment;

(B) further act or deed; or
(C) the occurrence of a transfer or assignment; and

(6) notwithstanding Section 10.106(3), all liabilities and obligations of the converting entity remain the liabilities and obligations of the converted entity in both the organizational form of the converting entity and the organizational form of the converted entity without impairment or diminution because of the conversion.