Form 645—General Information (Certificate of Conversion of a Professional Association Converting to a Professional Limited Liability Company)

The attached form is designed to meet minimal statutory filing requirements pursuant to the relevant code provisions. This form and the information provided are not substitutes for the advice and services of an attorney and tax specialist.

Commentary

Important: If either the professional association or the professional limited liability company is a foreign or out-of-state entity, the conversion must be permitted by the laws of the foreign or out-of-state jurisdiction. BOC §§ 10.101(d), 10.102(c). It is up to the submitter to determine whether a conversion involving a foreign or out-of-state entity is permitted by the laws of the foreign or out-of-state jurisdiction. Additional filings may be required in the foreign or out-of-state jurisdiction. This form is not drafted for use in other jurisdictions.

A professional association may convert into a professional limited liability company by adopting a plan of conversion in accordance with section 10.101 of the Texas Business Organizations Code (BOC) and filing a certificate of conversion with the secretary of state in accordance with sections 10.154 and 10.155 of the BOC. As defined in section 1.002 of the BOC, conversion means the continuance of a Texas entity as a foreign entity of any type, the continuance of a foreign entity as a Texas entity of any type, or the continuance of a Texas entity of one type as a Texas entity of another type. As used in the BOC and in this form, "converting entity" means the entity that existed before the conversion; "converted entity" means the entity resulting from a conversion. This form may be used when a professional association is the converting entity and the converted entity is a professional limited liability company.

Instructions for Form

- Converting Entity Information: The certificate of conversion is filed by the professional association and must set forth the legal name of the professional association and its jurisdiction of organization as part of the certificate. It is recommended that the date of formation and file number, if any, assigned by the secretary of state be provided to facilitate processing of the document.
- **Converted Entity Information**: As the entity following the conversion, the professional limited liability company is the converted entity. The certificate of conversion must set forth the legal name of the professional limited liability company and its jurisdiction of formation.
- **Converted Entity Name:** If the professional limited liability company is a Texas professional limited liability company, the name of the professional limited liability company will be checked for availability in accordance with section <u>5.053</u> of the BOC. If the professional limited liability company name is the same as, deceptively similar to, or similar to the name of an existing domestic or foreign filing entity, or any name reservation or name registration filed with the secretary of state, the document cannot be filed. However, if the conflicting entity name is the name of the converting professional association, the professional limited liability company name will be accepted.
- **Plan of Conversion:** Unless the professional association opts to complete the Alternative Statements section of the form, a plan of conversion conforming to the requirements of section 10.103 of the BOC must be attached to the certificate of conversion.

- Alternative Statements in Lieu of Plan: As an alternative to attaching the complete plan of conversion, the professional association may opt to certify and complete the alternative statements in the form.
- Certificate of Formation for the Professional Limited Liability Company: The certificate of formation of the professional limited liability company must be filed with the certificate of conversion if the company is a Texas entity. If the plan of conversion is attached to the certificate of conversion, the certificate of formation may be included as part of the plan of conversion or as an exhibit to the plan. If the professional association opts to set forth the alternative statements in lieu of providing the complete plan of conversion, the certificate of formation must be attached to the certificate of conversion.
 - The certificate of formation for the Texas professional limited liability company must include a statement that it is formed under a plan of conversion. In addition, the certificate of formation must provide the name, address, date of formation, prior form of organization and the jurisdiction of formation of the converting professional association.
 - ▶ If the certificate of formation of a Texas professional limited liability company fails to comply with the requirements of sections 3.005, 3.010 and 3.014 of the BOC, the certificate of conversion cannot be filed.
 - > If the professional limited liability company is not a Texas entity, it must register under <u>chapter 9</u> of the BOC before the transaction of any business in Texas.
- **Approval of the Plan of Conversion:** The certificate of conversion must include a statement that the plan of conversion has been approved as required by (1) the laws of the jurisdiction of formation and (2) the governing documents of the professional association.
 - Pursuant to the applicability provisions of section <u>302.001</u> of the BOC, section <u>21.453</u> sets forth the requirements for approval of the plan of conversion by a Texas professional association.
 - ➤ A foreign entity that is the professional association must comply with the laws of the jurisdiction of its formation.
- Effectiveness of Filing: A certificate of conversion becomes effective when accepted and filed by the secretary of state (option A). However, pursuant to sections 4.052 and 4.053 of the BOC the effectiveness of the instrument may be delayed to a date not more than ninety (90) days from the date the instrument is signed (option B). The effectiveness of the instrument also may be delayed on the occurrence of a future event or fact, other than the passage of time (option C). If option C is selected, you must state the manner in which the event or fact will cause the instrument to take effect and the date of the 90th day after the date the instrument is signed. In order for the certificate to take effect under option C, the entity must, within ninety (90) days of the filing of the certificate, file a statement with the secretary of state regarding the event or fact pursuant to section 4.055 of the BOC.

On the filing of a document with a delayed effective date or condition, the computer records of the secretary of state will be changed to show the filing of the document, the date of the filing, and the future date on which the document will be effective or evidence that the effectiveness was conditioned on the occurrence of a future event or fact. In addition, at the time of such filing, the status of a converting Texas professional association will be shown as "conversion" and the status of a converted Texas professional limited liability company will be shown as "in existence" on the records of the secretary of state.

• Tax Certificate: The secretary of state may not accept a certificate of conversion for filing if the required franchise taxes have not been paid (BOC § 10.156). The certificate of conversion must be accompanied by a certificate of account status from the Texas Comptroller of Public Accounts indicating that the professional association is in good standing having no franchise tax reports or payments due. The certificate of account status must be valid through the effective date of filing of the conversion. Please note that the Comptroller issues many different types of certificates of account status. A certificate of account status for purposes of conversion obtained from the Comptroller's web site will be accepted.

Requests for certificates or questions on tax status should be directed to the Tax Assistance Section of the Comptroller of Public Accounts, Austin, Texas 78744-0100; (512) 463-4600 or toll-free (800) 252-1381. You also may contact *tax.help@cpa.state.tx.us*.

In lieu of a tax certificate, the certificate of conversion may provide that the professional limited liability company is liable for the payment of the required franchise taxes.

• **Execution:** Pursuant to section <u>4.001</u> of the BOC, the certificate of conversion must be signed by a person authorized by the code to act on behalf of the professional association in regard to the filing instrument. Generally, a governing person or managerial official of the entity signs a filing instrument.

A certificate of conversion filed by a Texas professional association must be signed by an officer, but does not need to be notarized (BOC § 20.001).

However, before signing, please read the statements on this form carefully. A person commits an offense under section 4.008 of the BOC if the person signs or directs the filing of a filing instrument the person knows is materially false with the intent that the instrument be delivered to the secretary of state for filing. The offense is a Class A misdemeanor unless the person's intent is to harm or defraud another, in which case the offense is a state jail felony.

- Payment and Delivery Instructions: The filing fee for a certificate of conversion is \$300 plus the fee for filing the certificate of formation when the professional limited liability company is a Texas professional limited liability company.
 - ➤ The fee for conversion of a Texas or foreign professional association to a Texas professional limited liability company is \$600 (\$300 for the certificate of conversion and \$300 for the certificate of formation).
 - The fee for conversion of a Texas professional association into a foreign professional limited liability company is \$300 for the certificate of conversion. There is no certificate of formation filed on behalf of the foreign entity. However, if the foreign professional limited liability company transacts business in Texas, the company must register and pay the applicable fee for registration under chapter 9.

Fees may be paid by personal checks, money orders, LegalEase debit cards, or American Express, Discover, MasterCard, and Visa credit cards. Checks or money orders must be payable through a U.S. bank or financial institution and made payable to the secretary of state. Fees paid by credit card are subject to a statutorily authorized convenience fee of 2.7 percent of the total fees.

Submit the completed form in duplicate along with the filing fee. The form may be mailed to P.O. Box 13697, Austin, Texas 78711-3697; faxed to (512) 463-5709; or delivered to the James Earl Rudder Office Building, 1019 Brazos, Austin, Texas 78701. If a document is transmitted by fax, credit card information must accompany the transmission (Form 807). On filing the document, the secretary of state will return the appropriate evidence of filing to the submitter together with a file-stamped copy of the document, if a duplicate copy was provided as instructed.

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Submit in duplicate to: Secretary of State P.O. Box 13697 Austin, TX 78711-3697 512 463-5555 FAX: 512 463-5709

Filing Fee: See instructions

The name of the converting professional association is:

This space reserved for office use.

Certificate of Conversion of a Professional Association Converting to a Professional Limited Liability Company

Converting Entity Information

The jurisdiction of formation of the p	professional association	is:
The date of formation of the professi	onal association is:	
The file number, if any, issued to the entity by the secretary of state is:		
Converted Entity Information		
The professional association named at The name of the professional limited		professional limited liability company.
The professional limited liability cor	npany will be formed ur	nder the laws of :
Plan of Conversion		
The plan of conversion is attache If the plan of conversio	ed. on is not attached, the following	statements must be completed.
Alternative Statements		
In lieu of providing the plan of conversion, the professional association certifies that:		
<u> </u>		pal place of business of the professional cipal place of business of the professional
Street or Mailing Address	City	State Country Zip Code
<u> </u>	npany, the converted en	ersion at the principal place of business of tity. The address of the principal place of
Street or Mailing Address	City	State Country Zip Code
3. A copy of the plan of conver	sion will be furnished	on written request without cost by the

converting entity before the conversion or by the converted entity after the conversion to any owner or

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member of the converting or converted entity.

Certificate of Formation for the Professional Limited Liability Company

If the professional limited liability company is a Texas entity, the certificate of formation must be attached to this certificate either as an attachment or exhibit to the plan of conversion, or as an attachment or exhibit to this certificate of conversion if the plan has not been attached to the certificate of conversion.

Approval of the Plan of Conversion

The plan of conversion has been approved as required by the laws of the jurisdiction of formation and the governing documents of the converting entity.

Effectiveness of Filing (Select either A, B, or C.)		
A. This document becomes effective when the document is accepted and filed by the secretary of state.		
B. This document becomes effective at a later date, which is not more than ninety (90) days from the date of signing. The delayed effective date is:		
C. This document takes effect upon the occurrence of the future event or fact, other than the passage of time. The 90 th day after the date of signing is:		
The following event or fact will cause the document to take effect in the manner described below:		
Tax Certificate		
Attached hereto is a certificate from the comptroller of public accounts that certifies that the professional association, the converting entity, is in good standing for purposes of conversion.		
In lieu of providing the tax certificate, the professional limited liability company as the converted entity is liable for the payment of any franchise taxes.		
Execution		
The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument. The undersigned certifies that the statements contained herein are true and correct, and that the person signing is authorized under the provisions of the Business Organizations Code, or other law applicable to and governing the professional association, to execute the filing instrument.		
Date:		
Signature of an authorized person of the professional association		

Typed or printed name of signer and title