

By: Raney

H.B. No. 3949

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the arbitration of a controversy between members of an
3 association or corporation and between an association or
4 corporation and its members.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 13.002, Civil Practice and Remedies Code, is
7 amended by adding to subsection (2) to read as follows:

8 "(2) incorporated under the Texas Non-Profit Corporation Act
9 (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) or a
10 nonprofit corporation incorporated under Articles 1399-1407
11 Revised Civil Statutes."

12 SECTION 2. Section 173.003, Civil Practice and Remedies Code, is
13 amended by adding to Subsection (c) to read as follows:

14 (c) A provision in the bylaws of a nonprofit corporation
15 incorporated under the Texas Non-Profit Corporation Act (Article
16 1396-1.01 et seq., Vernon's Texas Civil Statutes) or a nonprofit
17 corporation incorporated under Articles 1399-1407 Revised Civil
18 Statutes that requires a member of the corporation to arbitrate at
19 common law a controversy that subsequently arises between members,
20 or between the corporation and its members, is a valid,
21 enforceable, and irrevocable agreement by a member of the

1 corporation to arbitrate the controversy.

2 SECTION 3. If any provision of this Act or its application to any
3 person or circumstance is held invalid, the invalidity does not
4 affect other provisions or applications of this Act that can be
5 given effect without the invalid provision or application, and to
6 this end the provisions of this Act are declared to be severable.

7 SECTION 4. This Act takes effect immediately if it receives a vote
8 of two-thirds of all the members elected to each house, as provided
9 by Section 39, Article III, Texas Constitution. If this Act does
10 not receive the vote necessary for immediate effect, this Act takes
11 effect on the 91st day after the last day of the legislative
12 session.

13 _____