

## **BILL ANALYSIS**

Senate Research Center

H.B. 3949  
By: Raney (Whitmire)  
State Affairs  
5/17/2023  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

H.B. 3949 amends current law relating to arbitration of certain controversies involving members of certain nonprofit entities.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends the heading to Chapter 173, Civil Practice and Remedies Code, to read as follows:

#### **CHAPTER 173. ARBITRATION OF CERTAIN CONTROVERSIES INVOLVING MEMBERS OF CERTAIN NONPROFIT ENTITIES**

SECTION 2. Amends Section 173.002, Civil Practice and Remedies Code, as follows:

Sec. 173.002. SCOPE OF CHAPTER. (a) Creates this subsection from existing text. Provides that this chapter applies only to the arbitration of a controversy between members of an association or corporation or between a corporation and its members if the association or corporation meets certain criteria, including having been incorporated under certain statutes, including Subchapter C (Grand Lodges), Chapter 23, Business Organizations Code. Makes nonsubstantive changes.

(b) Provides that this chapter does not apply to the arbitration of a controversy between:

(1) members of:

(A) a property owners' association, as defined by Section 209.002 (Definitions), Property Code;

(B) a condominium council of owners, as defined by Section 81.002 (Definitions), Property Code; or

(C) a condominium unit owners' association organized under Section 82.101 (Organization of Unit Owners' Association), Property Code; or

(2) an association or council of owners described by Subdivision (1) and a member of that association or council of owners.

SECTION 3. Amends Section 173.003(c), Civil Practice and Remedies Code, as follows:

(c) Provides that a provision in the bylaws of a nonprofit corporation incorporated under the certain statutes, including Subchapter C, Chapter 23, Business Organizations Code,

that requires a member of the corporation to arbitrate at common law a controversy that subsequently arises between members or between the corporation and its members is a valid, enforceable, and irrevocable agreement by a member of the corporation to arbitrate the controversy.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: upon passage or September 1, 2023.