CIVIL PRACTICE AND REMEDIES CODE

TITLE 7. ALTERNATE METHODS OF DISPUTE RESOLUTION

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

Sec. 173.001. PURPOSE. The purpose of this chapter is to abrogate the common law arbitration rule prohibiting specific enforcement of executory arbitration agreements.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 5.03, eff. Sept. 1, 1997.

Sec. 173.002. SCOPE OF CHAPTER. (a) 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 is:

(1) exempt from the payment of federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 by being listed as an exempt organization under Section 501(c) of the code; or

(2) incorporated under:

(A) the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes); or

(B) Subchapter C, Chapter 23, Business Organizations Code.

(b) 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, Property Code;

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

(C) a condominium unit owners' association organized under Section 82.101, Property Code; or

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

Added by Acts 1997, 75th Leg., ch. 165, Sec. 5.03, eff. Sept. 1,

1997.

Amended by:

Acts 2023, 88th Leg., R.S., Ch. 750 (H.B. 3949), Sec. 2, eff. June 12, 2023.

Sec. 173.003. AGREEMENT OR BYLAW PROVISION VALID. (a) A written agreement to submit a controversy to arbitration at common law is valid and enforceable if the agreement is to arbitrate a controversy that arises between the parties after the date of the agreement.

(b) A party may revoke the agreement only on a ground that exists at law or in equity for the revocation of a contract.

(c) A provision in the bylaws of a nonprofit corporation incorporated under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) or under 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.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 5.03, eff. Sept. 1, 1997.

Amended by:

Acts 2023, 88th Leg., R.S., Ch. 750 (H.B. 3949), Sec. 3, eff. June 12, 2023.

Sec. 173.004. COMMON LAW PRESERVED. This chapter is cumulative of other law relating to common law arbitration. Except as specifically provided by this chapter, this chapter does not abrogate or repeal that other law.

Added by Acts 1997, 75th Leg., ch. 165, Sec. 5.03, eff. Sept. 1, 1997.