

CHAPTER 338

S.B. No. 532

An Act relating to enforcement of agreements to arbitrate disputes; amending Article 238-20, Revised Statutes, by adding Section 2A and by amending Section 3.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Article 238-20, Revised Statutes, is amended by adding a new Section 2A to read as follows:

“Section 2A. A provision in the bylaws of a nonprofit corporation incorporated pursuant to the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon’s Texas Civil Statutes) which requires the members of the corporation to arbitrate at common law any controversy thereafter arising between two or more members constitutes an irrevocable agreement by the members of the corporation to arbitrate such disputes and said agreement is valid and enforceable.”

SECTION 2. Section 3, Article 238-20, Revised Statutes, is amended to read as follows:

“Section 3. The provisions of this Act apply only to the ~~written~~ arbitration of controversies [agreements] between members of associations or corporations which are exempt from the payment of federal income taxes pursuant to Section 501(c) of the U.S. Internal Revenue Code or which are incorporated pursuant to the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon’s Texas Civil Statutes).”

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on May 9, 1985, by a viva-voce vote; passed the House on May 21, 1985, by a non-record vote.

Approved: June 10, 1985

Effective: August 26, 2985