

CSHB 955 is amended by adding SECTION _____ to Article 5 of the bill to read as follows:

SECTION _____. Chapter 59, Finance Code, is amended by adding Section 59.011 to read as follows:

Sec. 59.011. LENDER LIABILITY FOR CONSTRUCTION. (a) For purposes of Chapter 27, Property Code, and Title 16, Property Code, a federally insured financial institution regulated under this code is not a builder.

(b) A lender regulated by this code that forecloses on or otherwise acquires a home through the foreclosure process or other legal means when the loan is in default is not liable to a subsequent purchaser for any construction defects of which the lender had no knowledge that were created prior to the acquisition of the home by the lender.

(c) A builder hired by a lender to complete the construction of a foreclosed home is not liable for any construction defects of which the builder had no knowledge that existed prior to the acquisition of the home by the lender, but the builder is subject to Chapter 27, Property Code, and Title 16, Property Code, for work performed for the lender subsequent to the acquisition of the home by the lender.