

Amend HB 1513 on third reading by inserting the following appropriately numbered SECTIONS and renumbering existing SECTIONS of the bill accordingly:

SECTION \_\_\_\_\_. Section 162.001(c), Property Code, is amended to read as follows:

(c) A fee payable to a contractor is not considered trust funds if:

(1) the [If a] contractor and property owner have entered into a written construction contract for the improvement of specific real property in this state before the commencement of construction of the improvement and the contract provides for the payment by the owner of the costs of construction and a reasonable fee specified in the contract payable to the contractor; and

(2) [7] the fee is earned as provided by the contract and paid to the contractor or disbursed from a construction account described by Section 162.006, if applicable [is not considered trust funds].

SECTION \_\_\_\_\_. Section 162.003, Property Code, is amended to read as follows:

Sec. 162.003. BENEFICIARIES OF TRUST FUNDS. (a) An artisan, laborer, mechanic, contractor, subcontractor, or materialman who labors or who furnishes labor or material for the construction or repair of an improvement on specific real property in this state is a beneficiary of any trust funds paid or received in connection with the improvement.

(b) A property owner is a beneficiary of trust funds described by Section 162.001 in connection with a residential construction contract, including funds deposited into a construction account described by Section 162.006.