

By: Deshotel, Villalba, Anderson of McLennan,
Workman, Leach

H.B. No. 3065

Substitute the following for H.B. No. 3065:

By: Workman

C.S.H.B. No. 3065

A BILL TO BE ENTITLED

AN ACT

1
2 relating to mechanic's, contractor's, or materialman's liens;
3 authorizing a fee; changing the eligibility for community
4 supervision.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 3503.051(3), Insurance Code, is amended
7 to read as follows:

8 (3) "Notice of claim" means a written notification by
9 a claimant who makes a claim for payment from the surety
10 company. The term does not include a routine statutory notice
11 required by [~~Section 53.056(b), 53.057, 53.058, 53.252(b), or~~
12 ~~53.253, Property Code, or~~] Section 2253.047, Government Code.

13 SECTION 2. Section 53.001, Property Code, is amended by
14 amending Subdivisions (2), (12), (13), and (14) and adding
15 Subdivisions (2-a), (3-a), (5-a), (5-b), (5-c), (5-d), (7-a), and
16 (7-b) to read as follows:

17 (2) "Improved" means, in reference to real property,
18 having an improvement, as defined by this section.

19 (2-a) "Improvement" means a house, building, or other
20 improvement to the real property of an owner. The term includes:

21 (A) improvements constructed adjacent to the
22 real property under an original contract with the owner, including
23 [~~abutting~~] sidewalks and streets and utilities in or on those
24 sidewalks and streets;

1 (B) clearing, grubbing, draining, or fencing of
2 land;

3 (C) wells, cisterns, tanks, reservoirs, or
4 artificial lakes or pools made for supplying or storing water;

5 (D) pumps, siphons, and windmills or other
6 machinery or apparatuses used for raising water for stock, domestic
7 use, or irrigation; ~~and~~

8 (E) planting orchard trees, grubbing out
9 orchards and replacing trees, and pruning of orchard trees;

10 (F) levees or embankments erected for the
11 reclamation of overflow land along a river or creek; and

12 (G) railroads.

13 (3-a) "Lien website" means the Internet website
14 established under Subchapter A-1.

15 (5-a) "Notice of commencement" means a notice
16 described by Section 53.125.

17 (5-b) "Notice of demand" means a notice described by
18 Section 53.0521.

19 (5-c) "Notice of furnishing" means a notice described
20 by Section 53.0561.

21 (5-d) "Notice of unpaid balance" means a notice
22 described by Section 53.0562.

23 (7-a) "Owner" means a person who owns any interest in
24 real property or an authorized agent, trustee, or receiver of the
25 person.

26 (7-b) "Reputed owner" means a person who is:

27 (A) identified as an owner in a notice of

1 commencement required under this chapter or in an original contract
2 for an improvement; or

3 (B) generally considered or reputed to be the
4 owner of the real property being improved.

5 (12) "Specially fabricated material" means material
6 fabricated for use as a component of the construction or repair of
7 an improvement so as to be reasonably unsuitable for use elsewhere.

8 (13) "Subcontractor" means a person who has furnished
9 labor or materials to fulfill an obligation to an original
10 contractor or to a subcontractor of any tier to perform all or part
11 of the work required by an original contract.

12 (14) "Work" means any part of labor done, material
13 furnished, or materials specially fabricated for the construction
14 or repair of an improvement performed under an original contract.

15 SECTION 3. Section 53.003, Property Code, is amended by
16 amending Subsections (a) and (c) and adding Subsection (e) to read
17 as follows:

18 (a) This section applies to notices required by this chapter
19 [Subchapters B through G and K]. In this section, "notice" includes
20 any written communication required under this chapter.

21 (c) If a notice is sent by registered or certified mail,
22 deposit or mailing of the notice in the United States mail in the
23 form required constitutes compliance with the notice requirement.
24 The effective date of the notice is the date the notice is deposited
25 in the United States mail. This subsection does not apply if the
26 law requires receipt of the notice by the person to whom it is
27 directed.

1 (e) A notice to an owner may be posted on the lien website
2 under the protocols established for the website for receipt of the
3 notice. A notice may be sent by an owner by posting the notice on
4 the lien website or by e-mail with an electronic record of delivery
5 to the e-mail address provided to the owner in a notice of
6 furnishing by a person required to be provided with the notice. The
7 effective date of the notice is the date the notice is sent to the
8 lien website under the website's protocols or the date the e-mail is
9 sent. An e-mail sent to a recipient is prima facie evidence of
10 delivery of a message to an e-mail address to which it is sent.

11 SECTION 4. Subchapter A, Chapter 53, Property Code, is
12 amended by adding Section 53.004 to read as follows:

13 Sec. 53.004. COMPUTATION OF TIME. In computing the period
14 of days in which to provide a notice or to take an action required
15 under this chapter, if the last day of the period is a Saturday,
16 Sunday, or legal holiday, the period is extended to include the next
17 day that is not a Saturday, Sunday, or legal holiday.

18 SECTION 5. Chapter 53, Property Code, is amended by adding
19 Subchapter A-1 to read as follows:

20 SUBCHAPTER A-1. LIEN WEBSITE

21 Sec. 53.011. LIEN WEBSITE. (a) The secretary of state
22 shall establish and maintain a lien website through the state
23 electronic Internet portal, as defined by Section 2054.003,
24 Government Code.

25 (b) The secretary of state may adopt rules and forms
26 necessary to implement this subchapter.

27 Sec. 53.012. POSTING ON LIEN WEBSITE. The lien website must

1 provide an online form for each notice or written communication
2 required by this chapter that complies with the content
3 requirements of this chapter for the notice or communication. The
4 lien website must allow a person to electronically obtain a form and
5 post the notice or written communication on the lien website.

6 Sec. 53.013. SEARCHING LIEN WEBSITE. The lien website must
7 allow a person to search the notices and written communications
8 posted on the website with a full or partial:

- 9 (1) owner name;
10 (2) project name;
11 (3) project address;
12 (4) project real property legal description;
13 (5) original contractor name; or
14 (6) name of person posting a notice or written
15 communication.

16 Sec. 53.014. FEES. (a) Notwithstanding Section [2054.2591](#),
17 Government Code, and except as provided by Subsection (b), the
18 secretary of state may not charge a fee for a person to:

- 19 (1) electronically obtain a form or post a notice or
20 written communication on the lien website; or
21 (2) use the search functions of the lien website.

22 (b) The secretary of state may charge a fee for a person to
23 post a notice of commencement on the lien website.

24 SECTION 6. Section [53.021](#)(a), Property Code, is amended to
25 read as follows:

- 26 (a) A person has a lien if:
27 (1) the person labors, specially fabricates material,

1 or furnishes labor or materials for construction or repair in this
2 state of an[-

3 [~~(A) a house, building, or~~] improvement;

4 [~~(B) a levee or embankment to be erected for the~~
5 ~~reclamation of overflow land along a river or creek; or~~

6 [~~(C) a railroad,~~] and

7 (2) the person labors, specially fabricates the
8 material, or furnishes the labor or materials under or arising out
9 [~~by virtue~~] of an express [~~a~~] contract or contract implied by law
10 between the person and [~~with~~] the owner or the owner's agent,
11 trustee, receiver, contractor, or subcontractor.

12 SECTION 7. Section 53.022, Property Code, is amended by
13 amending Subsection (a) and adding Subsections (b-1) and (e) to
14 read as follows:

15 (a) The lien extends to the interest of the owner or the
16 owner's successor in interest to the real property in the house,
17 building, fixtures, or improvements, the land reclaimed from
18 overflow, or the railroad and all of its properties, and to each lot
19 of land necessarily connected or reclaimed.

20 (b-1) If an improvement is constructed on real property that
21 is adjacent to the real property of the owner who entered into the
22 original contract for the improvements and the adjacent property is
23 not owned by the owner, the lien extends only to the real property
24 of the owner and not to the adjacent property.

25 (e) A lien arising from work performed on common elements of
26 a condominium governed by Chapter 81 or 82 extends to each unit
27 owning an interest in the common elements being improved, and is

1 apportioned based on the relative ownership interests of each unit
2 in the common elements being improved, if:

3 (1) the inception of the lien is after the date the
4 declaration establishing the condominium was recorded; and

5 (2) the work was performed under a contract with the
6 council of owners, the unit owners' association of the condominium,
7 or all of the owners of the units owning an interest in the common
8 elements being improved.

9 SECTION 8. Section 53.024, Property Code, is amended to
10 read as follows:

11 Sec. 53.024. LIMITATION ON SUBCONTRACTOR'S LIEN. The
12 amount of a lien claimed by a subcontractor may not exceed:

13 (1) an amount equal to the proportion of the total
14 subcontract price, including all additional amounts to which the
15 subcontractor is entitled as an adjustment to the subcontract, that
16 the sum of the labor performed, materials furnished, materials
17 specially fabricated, reasonable overhead costs incurred, and
18 proportionate profit margin bears to the total subcontract price;
19 minus

20 (2) the sum of previous payments received by the
21 claimant on the subcontract.

22 SECTION 9. Section 53.026(a), Property Code, is amended to
23 read as follows:

24 (a) Except as provided by Section 53.0561, a [A] person who
25 labors, specially fabricates materials, or furnishes labor or
26 materials under a direct contractual relationship with another
27 person is considered to be in direct contractual relationship with

1 the owner and has a lien as an original contractor, if:

2 (1) the owner [~~contracted with the other person for~~
3 ~~the construction or repair of a house, building, or improvements~~
4 ~~and the owner~~] can effectively control that other person or that
5 other person can effectively control the owner through ownership of
6 voting stock, interlocking directorships, or otherwise; or

7 (2) the owner contracted with the other person for the
8 construction or repair of a house, building, or improvements [~~and~~
9 ~~that other person can effectively control the owner through~~
10 ~~ownership of voting stock, interlocking directorships, or~~
11 ~~otherwise; or~~

12 [~~(3) the owner contracted with the other person for~~
13 ~~the construction or repair of a house, building, or improvements]~~
14 and the contract was made without good faith intention of the
15 parties that the other person was to perform the contract.

16 SECTION 10. Section 53.052, Property Code, is amended to
17 read as follows:

18 Sec. 53.052. FILING OF LIEN CLAIM AFFIDAVIT. (a) Except as
19 provided by Subsection (b) or Section 53.0521, an original
20 contractor or subcontractor, including an employee described by
21 Section 53.0562(a)(1), [the person] claiming a [the] lien under
22 this chapter must file a lien claim [an] affidavit as provided by
23 Subsection (c) [with the county clerk of the county in which the
24 property is located or into which the railroad extends] not later
25 than the 15th day of the fourth calendar month after the date the
26 work under the original contract is completed or the original
27 contract is terminated [day on which the indebtedness accrues].

1 (b) Except as provided by Section 53.0521, an original
2 contractor or subcontractor, including an employee described by
3 Section 53.0562(a)(1), [A person] claiming a lien on [arising from]
4 a residential construction project must file a lien claim [an]
5 affidavit as provided by Subsection (c) [with the county clerk of
6 the county in which the property is located] not later than the 15th
7 day of the third calendar month after the date the work under the
8 original contract is completed or the original contract is
9 terminated [day on which the indebtedness accrues].

10 (c) A lien claim affidavit must be filed with the county
11 clerk of the county in which the property is located or into which
12 the railroad extends. The county clerk shall record the affidavit
13 in records kept for that purpose and shall index and cross-index the
14 affidavit in the names of the claimant, the original contractor,
15 and the owner. Failure of the county clerk to properly record or
16 index a filed affidavit does not invalidate the lien.

17 (d) For purposes of this section, an original contract is
18 terminated on the date an owner posts a notice of termination on the
19 lien website. If a notice of commencement has not been filed and
20 posted under Section 53.125, the owner must send a notice of
21 termination to each person who has given the owner a notice of
22 furnishing.

23 SECTION 11. Subchapter C, Chapter 53, Property Code, is
24 amended by adding Section 53.0521 to read as follows:

25 Sec. 53.0521. NOTICE OF DEMAND. (a) If work under an
26 original contract has been completed or the original contract has
27 been terminated, an owner may send a notice of demand to the

1 original contractor or subcontractor requesting the contractor or
2 subcontractor to file a lien claim affidavit. If the notice is
3 based on the termination of the original contract, the notice must
4 state that the original contract was terminated and the date of the
5 termination. An owner may not send the notice before the original
6 contract has been terminated. A notice sent before work under the
7 original contract has been completed is effective only as to a
8 claimant that has completed the claimant's work and is void as to
9 any other claimant.

10 (b) For purposes of this section, an original contract is
11 terminated on the date an owner posts a notice of termination on the
12 lien website. If a notice of commencement has not been filed and
13 posted under Section 53.125, the owner must send a notice of
14 termination to each person who has provided a notice of furnishing.

15 (c) Notwithstanding Section 53.003, a notice of demand must
16 be sent by registered or certified mail to a subcontractor at the
17 subcontractor's address provided by the notice of furnishing or to
18 an original contractor at the original contractor's last known
19 address.

20 (d) If an owner sends a notice of demand, a claimant that has
21 completed the claimant's work must, not later than the 30th day
22 after the date the notice of demand is sent, file a lien claim
23 affidavit for a claim the claimant has not included in a previously
24 filed lien claim affidavit.

25 (e) A claimant that has not completed the claimant's work on
26 the date the owner sends a notice of demand must file a lien claim
27 affidavit as provided by Section 53.052(a) or (b), as applicable.

1 (f) An original contractor or subcontractor waives any
2 statutory lien rights that have not been perfected if the
3 contractor or subcontractor does not comply with this section.

4 (g) A notice of demand must be conspicuously printed in bold
5 type and in all capital letters not smaller than 10-point type and
6 must state the following:

7 "NOTICE OF DEMAND

8 "WARNING: THIS NOTICE BRIEFLY SUMMARIZES LEGAL REQUIREMENTS
9 STATED BY SECTION 53.0521, PROPERTY CODE. YOU SHOULD CONSULT AN
10 ATTORNEY TO FULLY UNDERSTAND YOUR RIGHTS AND OBLIGATIONS.

11 "THE OWNER IS DEMANDING THAT YOU FILE A LIEN CLAIM AFFIDAVIT
12 NOT LATER THAN THE 30TH DAY AFTER THE DATE THIS NOTICE WAS SENT TO
13 YOU. IF THE ORIGINAL CONTRACT HAS BEEN TERMINATED OR IF YOU HAVE
14 COMPLETED YOUR WORK, YOU ARE REQUIRED, NOT LATER THAN THE 30TH DAY
15 AFTER THE DATE THIS NOTICE WAS SENT TO YOU, TO FILE YOUR LIEN CLAIM
16 AFFIDAVIT FOR ANY CLAIMS YOU HAVE NOT INCLUDED IN A LIEN CLAIM
17 AFFIDAVIT YOU HAVE PREVIOUSLY FILED OR YOU MAY LOSE ANY STATUTORY
18 LIEN RIGHTS THAT YOU HAVE NOT PREVIOUSLY PERFECTED.

19 "IF THE ORIGINAL CONTRACT IS NOT TERMINATED OR YOU HAVE NOT
20 COMPLETED YOUR WORK, THE DEADLINE TO FILE YOUR LIEN CLAIM AFFIDAVIT
21 IS PROVIDED BY SECTION 53.052(a) OR (b), PROPERTY CODE."

22 SECTION 12. The heading to Section 53.054, Property Code,
23 is amended to read as follows:

24 Sec. 53.054. CONTENTS OF LIEN CLAIM AFFIDAVIT.

25 SECTION 13. Sections 53.054(a) and (c), Property Code, are
26 amended to read as follows:

27 (a) The lien claim affidavit must be signed by the person

1 claiming the lien or by another person on the claimant's behalf and
2 must contain substantially:

3 (1) a sworn statement of the amount of the claim;

4 (2) the name and last known address of the owner or
5 reputed owner;

6 (3) a general statement of the kind of work done and
7 materials furnished by the claimant [~~and, for a claimant other than~~
8 ~~an original contractor, a statement of each month in which the work~~
9 ~~was done and materials furnished for which payment is requested~~];

10 (4) the name and last known address of the person by
11 whom the claimant was employed or to whom the claimant furnished the
12 materials or labor;

13 (5) the name and last known address of the original
14 contractor;

15 (6) a description, legally sufficient for
16 identification, of the property sought to be charged with the lien;

17 (7) the claimant's name, mailing address, and, if
18 different, physical address; and

19 (8) for a claimant other than an original contractor,
20 a statement identifying the date each notice of furnishing or
21 notice of unpaid balance, as applicable, [the claim] was given
22 [~~sent~~] to the owner [~~and the method by which the notice was sent~~].

23 (c) The affidavit is not required to set forth individual
24 items of work done or material furnished or specially fabricated.
25 The affidavit may use any broad descriptive terms, abbreviations,
26 or symbols customary in the trade to describe the work done or
27 material furnished.

1 SECTION 14. Section [53.055](#), Property Code, is amended to
2 read as follows:

3 Sec. 53.055. NOTICE OF FILED LIEN CLAIM AFFIDAVIT. (a) A
4 person who files a lien claim ~~[an]~~ affidavit must send a copy of the
5 affidavit by registered or certified mail to the owner or reputed
6 owner at the owner's last known business or residence address or
7 post a copy on the lien website not later than the 10th ~~[fifth]~~ day
8 after the date the affidavit is filed with the county clerk.

9 (b) If the person is not an original contractor, and the
10 person has not posted a copy of the affidavit on the lien website
11 under Subsection (a), the person must also send a copy of the
12 affidavit to the original contractor at the original contractor's
13 last known business or residence address in ~~[within]~~ the same
14 manner and time that the affidavit must be sent to the owner under
15 Subsection (a) ~~[period]~~.

16 SECTION 15. Subchapter C, Chapter [53](#), Property Code, is
17 amended by adding Sections [53.0561](#), [53.0562](#), [53.0563](#), and [53.059](#) to
18 read as follows:

19 Sec. 53.0561. NOTICE OF FURNISHING. (a) Except as provided
20 by Section 53.0562:

21 (1) a person who contracts with a person other than the
22 owner and who has a lien as an original contractor under Section
23 [53.026](#)(a) must give a notice of furnishing to the owner or reputed
24 owner for the lien to be valid; and

25 (2) a claimant other than an original contractor must
26 give a notice of furnishing to the owner or reputed owner and the
27 original contractor for the claimant's lien to be valid.

1 (b) The notice of furnishing must include:

2 (1) a general description of the labor or material
3 furnished or to be furnished by the claimant and, for specially
4 fabricated material, a separate description of the specially
5 fabricated material, that may include a list of individual items of
6 work or material or use terms, abbreviations, or symbols customary
7 in the trade;

8 (2) the name, address, and telephone number of the
9 claimant;

10 (3) the e-mail address of the claimant, if the
11 claimant wants to receive notices of postings on the lien website;

12 (4) the name, address, and telephone number of the
13 person with whom the claimant contracted to furnish the labor or
14 material;

15 (5) a legal description, street address, or other
16 description that identifies the real property to which the labor or
17 material was furnished or will be furnished; and

18 (6) a conspicuous statement in bold type as follows:

19 "THIS IS NOT A LIEN OR A CLAIM FOR A LIEN. THIS IS ONLY A
20 NOTICE TO THE OWNER THAT A CONTRACTOR IS FURNISHING OR INTENDS TO
21 FURNISH LABOR OR MATERIAL TO THE PROJECT. THIS NOTICE IS REQUIRED TO
22 PRESERVE THE CONTRACTOR'S LIEN RIGHTS UNDER CHAPTER 53, PROPERTY
23 CODE."

24 (c) Except as provided by Subsection (d), the notice of
25 furnishing does not preserve a lien right for labor performed or
26 material furnished or specially fabricated earlier than 60 days
27 before the date the notice is provided as required by this section.

1 (d) If the owner has filed and posted a notice of
2 commencement under Section 53.125 before the subcontractor begins
3 performing labor or furnishing or specially fabricating material,
4 the notice of furnishing does not preserve a lien right for labor
5 performed or material furnished or specially fabricated by the
6 subcontractor earlier than 30 days before the date the notice of
7 furnishing is provided.

8 (e) Only one notice of furnishing to an owner is required
9 for all labor or material furnished or to be furnished by each
10 subcontractor. If a subcontractor contracts to perform work for
11 the improvement of the owner's property under more than one
12 original contract, the subcontractor must identify each original
13 contract in the notice of furnishing or must furnish separate
14 notices of furnishing for each original contract.

15 (f) The notice of furnishing is not invalid if, after the
16 date of the notice, the subcontractor furnishes labor or material
17 that is not within the scope of the notice's general description of
18 the labor and material furnished or to be furnished.

19 (g) A notice of furnishing that does not include the
20 subcontractor's e-mail address is not invalid.

21 Sec. 53.0562. NOTICE OF UNPAID BALANCE. (a) Section
22 53.0561 does not apply, and a claimant must send the notice
23 described by Subsection (b), if:

24 (1) the claimant is an employee of a contractor or
25 subcontractor and personally labored in the construction or repair
26 of the improvement, and the claimant's claim is for wages for the
27 personal labor furnished; or

1 (2) the improvement is a house of not more than four
2 self-contained units intended for residential purposes on a single
3 lot or tract of land, or related land development activity on the
4 lot or tract necessary for the development of the house.

5 (b) Except as provided by this subsection, the claimant must
6 give the owner or reputed owner, with a copy to the original
7 contractor, written notice of the unpaid balance not later than the
8 15th day of the third month following each month in which all or
9 part of the labor was performed, material was furnished, or
10 material was specially fabricated by the claimant. For residential
11 construction projects governed by Subchapter K, the claimant must
12 send the notice of unpaid balance not later than the 15th day of the
13 second month following each month in which all or part of the labor
14 was performed, material was furnished, or material was specially
15 fabricated by the claimant. The notice of unpaid balance must be
16 sent by registered or certified mail, return receipt requested, to
17 the owner, reputed owner, or original contractor, as applicable, at
18 the owner's, reputed owner's, or original contractor's last known
19 business address or residence address.

20 (c) A copy of a statement or bill in the usual and customary
21 form is a sufficient notice of unpaid balance under this section.

22 Sec. 53.0563. WITHHOLDING OF FUNDS AFTER NOTICE OF UNPAID
23 BALANCE; OWNER LIABILITY. (a) An owner who receives a written
24 notice of unpaid balance under Section 53.0562 may immediately
25 withhold from payments to the original contractor an amount
26 necessary to pay the amount of the unpaid balance stated in the
27 notice.

1 (b) Unless payment is made or the claim is otherwise
2 settled, discharged, indemnified against under Subchapter H or I,
3 or determined to be invalid by a final judgment of a court, the
4 owner shall retain the funds withheld until:

5 (1) the time for filing the lien claim affidavit has
6 passed; or

7 (2) if a lien claim affidavit has been filed, until the
8 lien claim has been satisfied or released.

9 (c) An owner is liable and an owner's property is subject to
10 a claim for an unpaid balance if:

11 (1) the owner has received the written notice of
12 unpaid balance required by Section 53.0562;

13 (2) the lien has been secured; and

14 (3) the claim has been reduced to final judgment.

15 (d) An owner that is liable under Subsection (c) is liable
16 for:

17 (1) 10 percent of the amount of the original contract;

18 (2) any amount the owner is authorized to withhold
19 from the original contractor under this section; and

20 (3) costs and attorney's fees awarded under Section
21 53.156.

22 Sec. 53.059. NOTICE OF COMPLETION. (a) If an owner has
23 filed and posted on the lien website a notice of commencement under
24 Section 53.125 and the work under an original contract has been
25 completed or the original contract has been terminated, the owner
26 may file a notice of completion with the county clerk of the county
27 in which the owner's property is located and post the notice on the

1 lien website. The notice must contain:

2 (1) the name and address of the owner;

3 (2) the name and address of each original contractor
4 covered by the notice;

5 (3) a description, legally sufficient for
6 identification, of the real property on which the improvements are
7 located;

8 (4) a description of the work furnished under an
9 original contract covered by the notice;

10 (5) a statement that the work under an original
11 contract covered by the notice has been completed or that the
12 original contract was terminated; and

13 (6) the date of the completion or termination.

14 (b) Not later than the 10th day after the notice of
15 completion is posted on the lien website, the owner must send a copy
16 of the notice:

17 (1) to each original contractor identified in the
18 notice; and

19 (2) by e-mail to each claimant that has provided a
20 notice of furnishing to the owner and has provided an e-mail address
21 to the owner.

22 (c) For purposes of Section 53.052, the later of the date
23 the notice of completion is filed or the date the notice is posted
24 on the lien website is considered the date the work under an
25 original contract identified in the notice is completed or the
26 original contract is terminated. This subsection does not apply to
27 a person to whom the notice of completion was not sent as required

1 by this section.

2 (d) Except as provided by Subsection (e), the notice of
3 completion must contain the following statement in bold type in all
4 capital letters:

5 "A CLAIMANT WILL LOSE THE RIGHT TO PERFECT A LIEN IF THE
6 CLAIMANT DOES NOT FILE A LIEN CLAIM AFFIDAVIT ON OR BEFORE THE 15TH
7 DAY OF THE FOURTH MONTH AFTER THE DATE OF COMPLETION OF THE WORK."

8 (e) The notice of completion for a residential construction
9 project must contain the following statement in bold type in all
10 capital letters:

11 "A CLAIMANT WILL LOSE THE RIGHT TO PERFECT A LIEN IF THE
12 CLAIMANT DOES NOT FILE A LIEN CLAIM AFFIDAVIT ON OR BEFORE THE 15TH
13 DAY OF THE THIRD MONTH AFTER THE DATE OF COMPLETION OF THE WORK."

14 SECTION 16. Section [53.081](#), Property Code, is amended to
15 read as follows:

16 Sec. 53.081. AUTHORITY TO WITHHOLD FUNDS FOR BENEFIT OF
17 CLAIMANTS. ~~[(a)]~~ If a lien claim affidavit is filed by a
18 subcontractor or if an owner receives notice under Section [53.055](#)
19 ~~[[53.056](#), [53.057](#), [53.058](#), [53.252](#), or [53.253](#)]~~, the owner may withhold
20 from payments due or to become due to the original contractor an
21 amount necessary to pay the claim stated in the lien claim
22 affidavit, except to the extent that the owner is already
23 withholding payment for the amount of the claim from the original
24 contractor as retainage or otherwise ~~[for which he receives~~
25 ~~notice]~~.

26 ~~[(b) If notice is sent in a form that substantially complies~~
27 ~~with Section [53.056](#) or [53.252](#), the owner may withhold the funds~~

1 ~~immediately on receipt of the notice.~~

2 ~~[(c) If notice is sent under Section 53.057, the owner may~~
3 ~~withhold funds immediately on receipt of a copy of the claimant's~~
4 ~~affidavit prepared in accordance with Sections 53.052 through~~
5 ~~53.055.~~

6 ~~[(d) If notice is sent under Section 53.058, the owner may~~
7 ~~withhold funds immediately on receipt of the notices sent under~~
8 ~~Subsection (c) of that section. If notice is sent as provided by~~
9 ~~Section 53.253(b), the owner may withhold funds immediately on~~
10 ~~receipt of the notice sent as required by Section 53.252.]~~

11 SECTION 17. Section 53.082, Property Code, is amended to
12 read as follows:

13 Sec. 53.082. TIME FOR WHICH FUNDS ARE WITHHELD. The owner
14 may retain funds under Section 53.081 until [Unless] payment is
15 made under Section 53.0831 [53.083] or the claim is otherwise
16 settled, discharged[, indemnified against] under Section 53.157
17 [Subchapter H or I], or determined to be invalid by a final judgment
18 of a court[, the owner shall retain the funds withheld until:

19 ~~[(1) the time for filing the affidavit of mechanic's~~
20 ~~lien has passed, or~~

21 ~~[(2) if a lien affidavit has been filed, until the lien~~
22 ~~claim has been satisfied or released].~~

23 SECTION 18. Subchapter D, Chapter 53, Property Code, is
24 amended by adding Section 53.0831 to read as follows:

25 Sec. 53.0831. DEMAND FOR NOTICE OF DISPUTE; PAYMENT OF
26 CLAIM. (a) If a lien claim affidavit is filed by a claimant, the
27 owner may demand in writing that the original contractor notify the

1 owner of whether the original contractor intends to dispute the
2 claim. The owner shall send a copy of the demand to the claimant and
3 shall furnish the original contractor with a copy of the lien claim
4 affidavit.

5 (b) If the original contractor does not give the owner and
6 the claimant written notice of the original contractor's intent to
7 dispute the claim before the 30th day after the date of receipt of
8 the demand, the original contractor is considered to agree to the
9 demand and the owner may pay the claim when the claim becomes due.

10 SECTION 19. Subchapter D, Chapter 53, Property Code, is
11 amended by adding Section 53.0841 to read as follows:

12 Sec. 53.0841. PERSONAL LIABILITY FOR LIENS. (a) Subject to
13 this section, an owner is personally liable for the aggregate
14 amount of the liens perfected on the owner's property under this
15 chapter.

16 (b) Subject to Subsection (e), the owner is not personally
17 liable for more than 10 percent of the value of the work. An owner's
18 personal liability:

19 (1) does not affect any lien filed on the owner's
20 property under this chapter; and

21 (2) is not affected by a subsequent foreclosure or
22 other transfer of the owner's interest in all or part of the
23 property.

24 (c) Subject to Section 53.122(b), the aggregate amount of
25 liens of the original contractor and the subcontractors may not
26 exceed the contract price of the original contract, as may be
27 modified, for the work. Duplicated claims asserted by claimants

1 within the same chain of contract may not be added more than once in
2 determining the aggregate amount of liens. For purposes of this
3 section, a payment by the owner to the original contractor does not
4 reduce the aggregate liability of the owner for liens.

5 (d) A purchaser of property subject to a lien claim under
6 this chapter is not personally liable for the lien claim in a
7 foreclosure action brought by a claimant, except the purchaser may
8 be held liable for costs and attorney's fees awarded under Section
9 53.156.

10 (e) An award of costs and attorney's fees under Section
11 53.156 is not limited by Subsection (b).

12 SECTION 20. The heading to Section 53.085, Property Code,
13 is amended to read as follows:

14 Sec. 53.085. BILLS-PAID AFFIDAVIT REQUIRED.

15 SECTION 21. Sections 53.085(a), (b), (c), and (d), Property
16 Code, are amended to read as follows:

17 (a) Any person who performs work [~~furnishes labor or~~
18 ~~materials for the construction of improvements on real property~~]
19 shall, if requested and as a condition of payment for such work
20 [~~labor or materials~~], provide to the requesting party, or the
21 party's agent, a bills-paid [~~an~~] affidavit acknowledging the amount
22 claimed for payment and stating that the person has paid each of the
23 person's subcontractors, laborers, or materialmen in full for all
24 labor and materials provided to the person for the construction. In
25 the event, however, that the person has not paid each of the
26 person's subcontractors, laborers, or materialmen in full, the
27 person shall state in the affidavit the amount owed and the name

1 and, if known, the address and telephone number of each
2 subcontractor, laborer, or materialman to whom the payment is owed.

3 (b) The seller of any real property shall, upon request by
4 the purchaser or the purchaser's agent prior to closing of the
5 purchase of the real property, provide to the purchaser or the
6 purchaser's agent, a written affidavit stating that the seller has
7 paid each of the seller's contractors, laborers, or materialmen in
8 full for all labor done and materials provided to the seller through
9 the date specified in the affidavit for any construction or repair
10 of improvements on the real property and that the seller is not
11 indebted to any person, firm, or corporation by reason of any such
12 construction or repair through the date specified in the affidavit.
13 In the event that the seller has not paid each of the seller's
14 contractors, laborers, or materialmen in full for labor done and
15 material provided through the date specified in the affidavit, the
16 seller shall state in the affidavit the amount owed and the name
17 and, if known, the address and telephone number of each contractor,
18 laborer, or materialman to whom the payment is owed.

19 (c) The affidavit may include:

20 (1) a waiver or release of lien rights or payment bond
21 claims by the affiant that is conditioned on the receipt of actual
22 payment or collection of funds when payment is made by check or
23 draft, as provided by Subchapter L;

24 (2) a warranty or representation that certain bills or
25 classes of bills will be paid by the affiant from funds paid in
26 reliance on the affidavit and an identification of the specific
27 bills that the affiant will not pay from the fund; and

1 (3) an indemnification by the affiant for any loss or
2 expense resulting from false or incorrect information in the
3 affidavit.

4 (d) A person, including a seller, commits an offense if the
5 person intentionally, knowingly, or recklessly makes a false or
6 misleading statement in an affidavit under this section. An
7 offense under this section is a misdemeanor. A person adjudged
8 guilty of an offense under this section shall be punished by a fine
9 not to exceed \$4,000 or confinement in jail for a term not to exceed
10 one year or both a fine and confinement. [~~A person may not receive~~
11 ~~community supervision for the offense.~~]

12 SECTION 22. Section 53.122(a), Property Code, is amended to
13 read as follows:

14 (a) Perfected [~~Except as provided by Subchapter E and~~
15 ~~Section 53.124(e), perfected~~] mechanic's liens that have the same
16 inception date are on equal footing without reference to the date of
17 filing the lien claim affidavit [~~claiming the lien~~].

18 SECTION 23. Section 53.124, Property Code, is amended by
19 amending Subsections (a), (c), (d), and (e) and adding Subsection
20 (f) to read as follows:

21 (a) Except as provided by Subsection (c) or (e), for
22 purposes of Section 53.123, the time of inception of a mechanic's
23 lien is the commencement of construction or repair of improvements
24 or delivery of materials to the land on which the improvements are
25 to be located and on which the materials are to be used.

26 (c) The later of the date the notice of commencement is
27 filed or is posted on the lien website is the time of inception of a

1 mechanic's lien for the work or material described by the notice
2 that is performed or furnished on or after the later of the date the
3 notice is filed or posted. For work or material performed or
4 furnished before the date a notice of commencement is filed or
5 posted and for work excluded by the notice of commencement, the time
6 of inception of a mechanic's lien is provided by Subsection (a).
7 For work under an original contract entered into after a notice of
8 completion is filed and posted under Section 53.059, the time of
9 inception of a mechanic's lien is the date provided by Subsection
10 (a) or the date a new notice of commencement is posted. [An owner
11 and original contractor may jointly file an affidavit of
12 commencement with the county clerk of the county in which the land
13 is located not later than the 30th day after the date of actual
14 commencement of construction of the improvements or delivery of
15 materials to the land. The affidavit must contain:

- 16 ~~[(1) the name and address of the owner,~~
17 ~~[(2) the name and address of each original contractor,~~
18 ~~known at the time to the owner, that is furnishing labor, service,~~
19 ~~or materials for the construction of the improvements,~~
20 ~~[(3) a description, legally sufficient for~~
21 ~~identification, of the property being improved,~~
22 ~~[(4) the date the work actually commenced, and~~
23 ~~[(5) a general description of the improvement.]~~

24 (d) If a lien, encumbrance, or mortgage securing an interest
25 in the land is filed with the county clerk on or before the date the
26 notice is posted, the lien, encumbrance, or mortgage has priority
27 over a mechanic's lien with a time of inception that is the date of

1 the notice, regardless of the order in which the instruments are
2 filed with the county clerk. [~~An affidavit filed in compliance with~~
3 ~~this section is prima facie evidence of the date of the commencement~~
4 ~~of the improvement described in the affidavit. The time of~~
5 ~~inception of a mechanic's lien arising from work described in an~~
6 ~~affidavit of commencement is the date of commencement of the work~~
7 ~~stated in the affidavit.~~]

8 (e) The time of inception of a lien that is created under
9 Section 53.021(c) [~~, (d), or (e)~~] is the date of recording of a lien
10 claim [~~an~~] affidavit [~~of lien~~] under Section 53.052. The priority
11 of a lien claimed by a person entitled to a lien under Section
12 53.021(c) [~~, (d), or (e)~~] with respect to other mechanic's liens is
13 determined by the date of recording. A lien created under Section
14 53.021(c) [~~, (d), or (e)~~] is not valid or enforceable against a
15 grantee or purchaser who acquires an interest in the real property
16 before the time of inception of the lien.

17 (f) Unless the landscaping work for which a person may have
18 a lien under Section 53.021(d) or the demolition services for which
19 a person may have a lien under Section 53.021(e) are included in a
20 notice of commencement, the time of inception of a lien under
21 Section 53.021(d) or (e) is the date of recording of a lien claim
22 affidavit under Section 53.052, and priority is determined by the
23 date of recording. Except as provided by this subsection, a lien
24 created under Section 53.021(d) or (e) is not valid against a
25 grantee or purchaser who acquires an interest in the real property
26 before the time of inception of the lien.

27 SECTION 24. Subchapter F, Chapter 53, Property Code, is

1 amended by adding Section 53.125 to read as follows:

2 Sec. 53.125. NOTICE OF COMMENCEMENT. (a) An owner may file
3 a notice of commencement with the county clerk of the county in
4 which the real property being improved under an original contract
5 is located. An owner who elects to file a notice of commencement
6 shall post the notice on the lien website. A notice under this
7 section must be acknowledged and be in a form that substantially
8 complies with the following:

9 "NOTICE OF COMMENCEMENT

10 "Improvements will be made to certain real property, and in
11 accordance with Chapter 53, Property Code, the following
12 information is provided by this notice of commencement:

13 "(1) Legal description and, if applicable, street
14 address of property: _____.

15 "(2) Project name and brief description of work to be
16 performed or materials to be furnished: _____.

17 "(3) Work or materials not included in this notice of
18 commencement: _____.

19 "(4) Owner information or lessee information if the
20 lessee contracted for the work:

21 (A) Name and address: _____.

22 (B) Interest in property (check appropriate
23 box):

24 Fee simple title

25 Lease

26 Other (explain): _____.

27 (C) Name and address of fee simple titleholder to

1 property (if different from owner listed above): _____.

2 "(5) Original contractor(s) for work or designated
3 portions of the work (repeat as necessary):

4 (A) Name and address: _____.

5 (B) Contractor's phone number: _____.

6 "(6) Surety or sureties for original contractor (if
7 applicable, a copy of the payment bond is attached):

8 (A) Name and address: _____.

9 (B) Phone number: _____.

10 "(7) Lender(s) providing financing for the work that
11 is securing a mortgage on or a security interest in the property
12 (repeat as necessary):

13 (A) Name and address: _____.

14 (B) Lender's phone number: _____.

15 "(8) Secretary of state's lien website address:
16 _____.

17 "Date: _____

18 "_____ (Owner name)

19 "By: _____ (Signature)

20 "(Insert acknowledgment)."

21 (b) Incorrect information contained in the notice of
22 commencement furnished by an owner does not adversely affect the
23 rights of a lien claimant reasonably relying on the information
24 against the owner or the property of the owner. If a subcontractor
25 performs labor or furnishes materials or specially fabricated
26 materials described by the notice of commencement and the notice of
27 commencement does not identify the original contractor under which

1 the labor was performed or materials were furnished or specially
2 fabricated at the time the subcontractor first performs the labor
3 or furnishes or specially fabricates the materials, the notice of
4 furnishing by the subcontractor preserves the lien claimant's
5 rights for the period provided by Section 53.0561(c).

6 (c) The owner shall send a copy of the notice of
7 commencement to each subcontractor not later than the fifth day
8 after the date the owner receives a written request for a copy from
9 the subcontractor, unless the subcontractor has received a physical
10 copy of the notice.

11 (d) Unless a notice of commencement has been filed and
12 posted under this section, a subcontractor who has not received a
13 physical copy of the notice may request in writing a copy from the
14 original contractor or a subcontractor with whom the requesting
15 subcontractor has privity of contract. If the original contractor
16 or subcontractor has a copy of the notice, the original contractor
17 or subcontractor shall send a copy of the notice to the requesting
18 subcontractor not later than the fifth day after the date of receipt
19 of the written request. If the requesting subcontractor does not
20 receive a copy of the notice as required by this section, the person
21 failing to send the copy under this subsection is liable to the
22 requesting subcontractor for all actual expenses reasonably
23 incurred by the requesting subcontractor in obtaining the
24 information that would have been contained in the notice.

25 (e) A notice of commencement posted on the lien website may
26 be amended by the owner by sending the amended notice to the lien
27 website. The effective date of the amended notice is the date the

1 amended notice is posted on the lien website. The owner shall send
2 notice of the amended notice to contractors who have provided a
3 notice of furnishing to the owner before the effective date of the
4 amended notice of commencement.

5 SECTION 25. Section 53.151(b), Property Code, is amended to
6 read as follows:

7 (b) A surety issuing a payment bond or performance bond in
8 connection with the work [~~improvements~~] has a priority claim over
9 other creditors of its principal to contract funds to the extent of
10 any loss it suffers or incurs. That priority does not excuse the
11 surety from paying any obligations that it may have under its
12 payment bonds.

13 SECTION 26. Section 53.153(a), Property Code, is amended to
14 read as follows:

15 (a) If an affidavit claiming a mechanic's lien is filed by a
16 person other than the original contractor, the original contractor
17 shall defend at the original contractor's [~~his~~] own expense a suit
18 brought on the claim unless the owner is in breach of the owner's
19 contractual obligations to the original contractor under the
20 original contract.

21 SECTION 27. Section 53.154, Property Code, is amended to
22 read as follows:

23 Sec. 53.154. FORECLOSURE. (a) A mechanic's lien may be
24 foreclosed only on judgment of a court of competent jurisdiction
25 foreclosing the lien and ordering the sale of the property subject
26 to the lien.

27 (b) A suit to foreclose the lien must be brought in a court

1 of competent jurisdiction in the county in which the real property
2 that is subject to the lien is located.

3 SECTION 28. Section 53.157, Property Code, is amended to
4 read as follows:

5 Sec. 53.157. DISCHARGE OF LIEN. A mechanic's lien or
6 affidavit claiming a mechanic's lien filed under Section 53.052 may
7 be discharged of record by:

8 (1) recording a lien release signed by the claimant
9 under Section 53.152;

10 (2) failing to institute suit to foreclose the lien
11 [~~in the county in which the property is located~~] within the period
12 prescribed by Section 53.158, 53.175, or 53.208;

13 (3) recording the original or certified copy of a
14 final judgment or decree of a court of competent jurisdiction
15 providing for the discharge;

16 (4) filing the bond and notice in compliance with
17 Subchapter H;

18 (5) filing the bond in compliance with Subchapter I;
19 or

20 (6) recording a certified copy of the order removing
21 the lien under Section 53.160 and a certificate from the clerk of
22 the court that states that no bond or deposit as described by
23 Section 53.161 was filed by the claimant within 30 days after the
24 date the order was entered.

25 SECTION 29. Section 53.158, Property Code, is amended to
26 read as follows:

27 Sec. 53.158. PERIOD FOR BRINGING SUIT TO FORECLOSE LIEN.

1 (a) Except as provided by Subsection (b), suit must be brought to
2 foreclose the lien not later than the first anniversary of [~~within~~
3 ~~two years after~~] the last date [~~day~~] a claimant may file the lien
4 claim affidavit under Section 53.052 [~~or within one year after~~
5 ~~completion, termination, or abandonment of the work under the~~
6 ~~original contract under which the lien is claimed, whichever is~~
7 ~~later~~].

8 (b) The period of limitations under Subsection (a) may be
9 extended to not later than the second anniversary of the last date
10 the claimant may file the affidavit if the claimant enters into a
11 written agreement with the then current record owner of the
12 property to extend the period and files the written agreement with
13 the clerk of the county where all or part of the property is located
14 before the expiration of the period provided by Subsection (a).
15 [~~For a claim arising from a residential construction project, suit~~
16 ~~must be brought to foreclose the lien within one year after the last~~
17 ~~day a claimant may file a lien affidavit under Section 53.052 or~~
18 ~~within one year after completion, termination, or abandonment of~~
19 ~~the work under the original contract under which the lien is~~
20 ~~claimed, whichever is later.~~]

21 SECTION 30. Sections 53.159(a), (b), (c), (d), and (f),
22 Property Code, are amended to read as follows:

23 (a) If a notice of commencement has not been filed and
24 posted under Section 53.125, an [~~An~~] owner, on written request,
25 shall furnish the following information within a reasonable time,
26 but not later than the 10th day after the date the request is
27 received, to any person furnishing labor or materials for the

1 project:

2 (1) a description of the real property being improved
3 legally sufficient to identify it;

4 (2) whether there is a surety bond and if so, the name
5 and last known address of the surety and a copy of the bond;

6 (3) whether there are any prior recorded liens or
7 security interests on the real property being improved and if so,
8 the name and address of the person having the lien or security
9 interest; and

10 (4) the date on which the original contract for the
11 project was executed.

12 (b) If a notice of commencement has not been filed and
13 posted under Section 53.125, an [An] original contractor, on
14 written request by a person who furnished work under the original
15 contract, shall furnish to the person the following information
16 within a reasonable time, but not later than the 10th day after the
17 date the request is received:

18 (1) the name and last known address of the person to
19 whom the original contractor furnished labor or materials for the
20 construction project;

21 (2) whether the original contractor has furnished or
22 has been furnished a payment bond for any of the work on the
23 construction project and if so, the name and last known address of
24 the surety and a copy of the bond; and

25 (3) the date on which the original contract for the
26 project was executed.

27 (c) A subcontractor, on written request by an owner of the

1 property being improved, the original contractor, a surety on a
2 bond covering the original contract, or any person furnishing work
3 under the subcontract, shall furnish to the person the following
4 information within a reasonable time, but not later than the 10th
5 day after the date the request is received:

6 (1) the name and last known address of each person from
7 whom the subcontractor purchased labor or materials for the
8 construction project, other than those materials that were
9 furnished to the project from the subcontractor's inventory;

10 (2) the name and last known address of each person to
11 whom the subcontractor furnished labor or materials for the
12 construction project; ~~and~~

13 (3) whether the subcontractor has furnished or has
14 been furnished a payment bond for any of the work on the
15 construction project and if so, the name and last known address of
16 the surety and a copy of the bond; and

17 (4) the date the subcontractor first performed labor,
18 furnished materials, or specially fabricated materials for the
19 construction project for which any claim for payment is being
20 sought.

21 (d) Not later than the 30th day after the date a written
22 request is received from the owner, the contractor under whom a
23 claim of lien or under whom a bond is made, or a surety on a bond on
24 which a claim is made, a claimant for a lien or under a bond shall
25 furnish to the requesting person a copy of any applicable written
26 agreement, purchase order, or contract and any billing, statement,
27 or payment request of the claimant reflecting the amount claimed

1 and the work performed by the claimant for which the claim is made.
2 [~~If requested, the claimant shall provide the estimated amount due~~
3 ~~for each calendar month in which the claimant has performed labor or~~
4 ~~furnished materials.~~]

5 (f) A person, other than a claimant requested to furnish
6 information under Subsection (d), who fails to furnish information
7 as required by this section not posted on the lien website is liable
8 to the requesting person for that person's reasonable and necessary
9 costs incurred in procuring the requested information.

10 SECTION 31. Sections [53.160](#)(b) and (c), Property Code, are
11 amended to read as follows:

12 (b) The grounds for objecting to the validity or
13 enforceability of the claim or lien for purposes of the motion are
14 limited to the following:

15 (1) notice of furnishing or notice of unpaid balance
16 [~~claim~~] was not furnished to the owner or original contractor as
17 required by Section 53.0561 or 53.0562 [~~53.056, 53.057, 53.058,~~
18 ~~53.252, or 53.253~~];

19 (2) a lien claim [~~an~~] affidavit [~~claiming a lien~~]
20 failed to comply with Section [53.054](#) or was not filed as required by
21 Section [53.052](#);

22 (3) notice of the filed lien claim affidavit was not
23 furnished to the owner or original contractor as required by
24 Section [53.055](#) and the owner or original contractor was materially
25 prejudiced by the violation;

26 (4) [~~the deadlines for perfecting a lien claim for~~
27 ~~retainage under this chapter have expired and the owner complied~~

1 ~~with the requirements of Section 53.101 and paid the retainage and~~
2 ~~all other funds owed to the original contractor before:~~

3 ~~[(A) the claimant perfected the lien claim; and~~

4 ~~[(B) the owner received a notice of the claim as~~
5 ~~required by this chapter;~~

6 ~~[(5) all funds subject to the notice of a claim to the~~
7 ~~owner and a notice regarding the retainage have been deposited in~~
8 ~~the registry of the court and the owner has no additional liability~~
9 ~~to the claimant;~~

10 ~~[(6)]~~ when the lien claim affidavit was filed on
11 homestead property:

12 (A) no contract was executed or filed as required
13 by Section 53.254; or

14 (B) the lien claim affidavit [~~claiming a lien~~]
15 failed to contain the notice as required by Section 53.254; [~~or~~

16 ~~[(C) the notice of the claim failed to include~~
17 ~~the statement required by Section 53.254,]~~ and

18 (5) [~~(7)~~] the claimant executed a valid and
19 enforceable waiver or release of the claim or lien claimed in the
20 affidavit.

21 (c) The claimant is not required to file a response. The
22 claimant and any other party that has appeared in the proceeding
23 must be notified not later than the 21st day [~~by at least 21 days~~]
24 before the date of the hearing on the motion. A motion may not be
25 heard before the 21st day after the date the claimant answers or
26 appears in the proceeding.

27 SECTION 32. Section 53.161(f), Property Code, is amended to

1 read as follows:

2 (f) If the claimant fails to file the bond or the deposit in
3 lieu of the bond in compliance with this section, the owner may
4 file:

5 (1) a certified copy of the order; and

6 (2) a certificate from the clerk of the court stating
7 that:

8 (A) no bond or deposit in lieu of the bond was
9 filed before the later of:

10 (i) the 30th day [~~within 30 days~~] after the
11 date the order was entered by the court; or

12 (ii) the date ordered by the court under
13 Subsection (b); and

14 (B) no order staying the order to remove the lien
15 was entered by the court.

16 SECTION 33. Section 53.172, Property Code, is amended to
17 read as follows:

18 Sec. 53.172. BOND REQUIREMENTS. The bond must:

19 (1) describe the property on which the liens are
20 claimed;

21 (2) refer to each lien claimed in a manner sufficient
22 to identify it;

23 (3) be in an amount that is double the amount of the
24 liens referred to in the bond unless the total amount claimed in the
25 liens exceeds \$60,000 [~~\$40,000~~], in which case the bond must be in
26 an amount that is the greater of 1-1/2 times the amount of the liens
27 or the sum of \$60,000 [~~\$40,000~~] and the amount of the liens;

1 (4) be payable to the parties claiming the liens;

2 (5) be executed by:

3 (A) the party filing the bond as principal; and

4 (B) a corporate surety authorized and admitted to
5 do business under the law in this state and licensed by this state
6 to execute the bond as surety, subject to Section [3503.005](#),
7 Insurance Code [~~1, Chapter 87, Acts of the 56th Legislature,~~
8 ~~Regular Session, 1959 (Article 7.19-1, Vernon's Texas Insurance~~
9 ~~Code)~~]; and

10 (6) be conditioned substantially that the principal
11 and sureties will pay to the named obligees or to their assignees
12 the amount that the named obligees would have been entitled to
13 recover if their claims had been proved to be valid and enforceable
14 liens on the property.

15 SECTION 34. Section [53.201\(b\)](#), Property Code, is amended to
16 read as follows:

17 (b) If a valid bond is filed, a claimant may not file suit
18 against the owner or the owner's property and the owner is not
19 authorized to withhold funds or pay a claimant on demand [~~relieved~~
20 ~~of obligations~~] under Subchapter D [~~or E~~].

21 SECTION 35. Section [53.202](#), Property Code, is amended to
22 read as follows:

23 Sec. 53.202. BOND REQUIREMENTS. The bond must:

24 (1) be in a penal sum at least equal to the total of the
25 original contract amount;

26 (2) be in favor of the owner;

27 (3) have the written approval of the owner endorsed on

1 it;

2 (4) be executed by:

3 (A) the original contractor as principal; and

4 (B) a corporate surety authorized and admitted to
5 do business in this state and licensed by this state to execute
6 bonds as surety, subject to Section 3503.005, Insurance Code [~~17~~
7 ~~Chapter 87, Acts of the 56th Legislature, Regular Session, 1959~~
8 ~~(Article 7.19-1, Vernon's Texas Insurance Code)~~];

9 (5) be conditioned on prompt payment for all labor,
10 subcontracts, materials, specially fabricated materials, and
11 normal and usual extras not exceeding 15 percent of the contract
12 price; and

13 (6) clearly and prominently display on the bond or on
14 an attachment to the bond:

15 (A) the name, mailing address, physical address,
16 and telephone number, including the area code, of the surety
17 company to which any notice of claim should be sent; or

18 (B) the toll-free telephone number maintained by
19 the Texas Department of Insurance under Subchapter B, Chapter 521,
20 Insurance Code, and a statement that the address of the surety
21 company to which any notice of claim should be sent may be obtained
22 from the Texas Department of Insurance by calling the toll-free
23 telephone number.

24 SECTION 36. Sections 53.206(a) and (b), Property Code, are
25 amended to read as follows:

26 (a) To perfect a claim against a bond in a manner other than
27 that prescribed by Subchapter C or K for fixing a lien, a person

1 must:

2 (1) give to the original contractor a notice of
3 furnishing or a notice of unpaid balance, unless the person has
4 contracted directly with the original contractor [~~all applicable~~
5 ~~notices under the appropriate subchapter~~]; and

6 (2) give to the surety on the bond a written notice of
7 the amount and nature of the claim and a copy of the notice to the
8 original contractor within the time period required for filing a
9 lien claim affidavit under Section 53.052 [~~, instead of the owner,~~
10 ~~all notices under the appropriate subchapter required to be given~~
11 ~~to the owner~~].

12 (b) To perfect a claim under this section, a person is not
13 required to [~~+~~

14 [~~(1) give notice to the surety under Section 53.057,~~
15 ~~unless the claimant has a direct contractual relationship with the~~
16 ~~original contractor and the agreed retainage is in excess of 10~~
17 ~~percent of the contract,~~

18 [~~(2) give notice to the surety under Section 53.058(b)~~
19 ~~or, if the claim relates to a residential construction project,~~
20 ~~under Section 53.253(c), or~~

21 [~~(3)~~] file any affidavit with the county clerk.

22 SECTION 37. Section 53.255(b), Property Code, is amended to
23 read as follows:

24 (b) The disclosure statement must read substantially
25 similar to the following:

26 "KNOW YOUR RIGHTS AND RESPONSIBILITIES UNDER THE LAW. You
27 are about to enter into a transaction to build a new home or remodel

1 existing residential property. Texas law requires your contractor
2 to provide you with this brief overview of some of your rights,
3 responsibilities, and risks in this transaction.

4 "CONVEYANCE TO CONTRACTOR NOT REQUIRED. Your contractor may
5 not require you to convey your real property to your contractor as a
6 condition to the agreement for the construction of improvements on
7 your property.

8 "KNOW YOUR CONTRACTOR. Before you enter into your agreement
9 for the construction of improvements to your real property, make
10 sure that you have investigated your contractor. Obtain and verify
11 references from other people who have used the contractor for the
12 type and size of construction project on your property.

13 "GET IT IN WRITING. Make sure that you have a written
14 agreement with your contractor that includes: (1) a description of
15 the work the contractor is to perform; (2) the required or
16 estimated time for completion of the work; (3) the cost of the work
17 or how the cost will be determined; and (4) the procedure and
18 method of payment, including [~~provisions for statutory retainage~~
19 ~~and~~] conditions for final payment. If your contractor made a
20 promise, warranty, or representation to you concerning the work the
21 contractor is to perform, make sure that promise, warranty, or
22 representation is specified in the written agreement. An oral
23 promise that is not included in the written agreement may not be
24 enforceable under Texas law.

25 "READ BEFORE YOU SIGN. Do not sign any document before you
26 have read and understood it. NEVER SIGN A DOCUMENT THAT INCLUDES AN
27 UNTRUE STATEMENT. Take your time in reviewing documents. If you

1 borrow money from a lender to pay for the improvements, you are
2 entitled to have the loan closing documents furnished to you for
3 review at least one business day before the closing. Do not waive
4 this requirement unless a bona fide emergency or another good cause
5 exists, and make sure you understand the documents before you sign
6 them. If you fail to comply with the terms of the documents, you
7 could lose your property. You are entitled to have your own
8 attorney review any documents. If you have any question about the
9 meaning of a document, consult an attorney.

10 "GET A LIST OF SUBCONTRACTORS AND SUPPLIERS. Before
11 construction commences, your contractor is required to provide you
12 with a list of the subcontractors and suppliers the contractor
13 intends to use on your project. Your contractor is required to
14 supply updated information on any subcontractors and suppliers
15 added after the list is provided. Your contractor is not required
16 to supply this information if you sign a written waiver of your
17 rights to receive this information.

18 "MONITOR THE WORK. Lenders and governmental authorities may
19 inspect the work in progress from time to time for their own
20 purposes. These inspections are not intended as quality control
21 inspections. Quality control is a matter for you and your
22 contractor. To ensure that your home is being constructed in
23 accordance with your wishes and specifications, you should inspect
24 the work yourself or have your own independent inspector review the
25 work in progress.

26 "MONITOR PAYMENTS. If you use a lender, your lender is
27 required to provide you with a periodic statement showing the money

1 disbursed by the lender from the proceeds of your loan. Each time
2 your contractor requests payment from you or your lender for work
3 performed, your contractor is also required to furnish you with a
4 disbursement statement that lists the name and address of each
5 subcontractor or supplier that the contractor intends to pay from
6 the requested funds. Review these statements and make sure that the
7 money is being properly disbursed.

8 "CLAIMS BY SUBCONTRACTORS AND SUPPLIERS. Under Texas law, if
9 a subcontractor or supplier who furnishes labor or materials for
10 the construction of improvements on your property is not paid, you
11 may be [~~become~~] liable and your property may be subject to a lien
12 for the unpaid amount, even if you have not contracted directly with
13 the subcontractor or supplier. To minimize your [~~avoid~~] liability,
14 you should take the following actions:

15 (1) If you receive a written notice from a
16 subcontractor or supplier, you should withhold payment from your
17 contractor for the amount of the claim stated in the notice until
18 the dispute between your contractor and the subcontractor or
19 supplier is resolved.

20 (2) If your lender is disbursing money directly to
21 your contractor, you should immediately provide a copy of the
22 notice to your lender and instruct the lender to withhold payment in
23 the amount of the claim stated in the notice. If you continue to pay
24 the contractor after receiving the written notice without
25 withholding the amount of the claim, you may be liable and your
26 property may be subject to a lien for the amount you failed to
27 withhold.

1 ~~[(2) During construction and for 30 days after final~~
2 ~~completion, termination, or abandonment of the contract by the~~
3 ~~contractor, you should withhold or cause your lender to withhold 10~~
4 ~~percent of the amount of payments made for the work performed by~~
5 ~~your contractor. This is sometimes referred to as "statutory~~
6 ~~retainage." If you choose not to withhold the 10 percent for at~~
7 ~~least 30 days after final completion, termination, or abandonment~~
8 ~~of the contract by the contractor and if a valid claim is timely~~
9 ~~made by a claimant and your contractor fails to pay the claim, you~~
10 ~~may be personally liable and your property may be subject to a lien~~
11 ~~up to the amount that you failed to withhold.]~~

12 "If a claim is not paid within a certain time period, the
13 claimant is required to file a mechanic's lien affidavit in the real
14 property records in the county where the property is located. A
15 mechanic's lien affidavit is not a lien on your property, but the
16 filing of the affidavit could result in a court imposing a lien on
17 your property if the claimant is successful in litigation to
18 enforce the lien claim.

19 "SOME CLAIMS MAY NOT BE VALID. When you receive a written
20 notice of unpaid balance [~~a claim~~] or when a mechanic's lien
21 affidavit is filed on your property, you should know your legal
22 rights and responsibilities regarding the claim. Not all claims are
23 valid. In order to perfect a valid lien, a notice of unpaid balance
24 [~~A notice of a claim~~] by a subcontractor or supplier is required to
25 be sent, and the mechanic's lien affidavit is required to be filed,
26 within strict time periods. The notice and the affidavit must
27 contain certain information. All claimants may not fully comply

1 with the legal requirements to collect on a claim. If your property
2 is a homestead and you did not enter into a written contract with
3 your contractor that complies with the statutory requirements for a
4 lien on a homestead, your contractor, the subcontractor, or the
5 supplier may not claim a valid lien on your property. [~~If you have~~
6 ~~paid the contractor in full before receiving a notice of a claim and~~
7 ~~have fully complied with the law regarding statutory retainage, you~~
8 ~~may not be liable for that claim.~~] Accordingly, you should consult
9 your attorney when you receive a written notice of a claim to
10 determine the true extent of your liability or potential liability
11 for that claim.

12 "OBTAIN A LIEN RELEASE AND A BILLS-PAID AFFIDAVIT. When you
13 receive a notice of unpaid balance [~~claim~~], do not release withheld
14 funds without obtaining a signed and notarized release of lien and
15 claim from the claimant. You can [~~also~~] reduce the risk of having a
16 claim filed by a subcontractor or supplier by requiring as a
17 condition of each payment made by you or your lender that your
18 contractor furnish you with an affidavit stating that all bills
19 have been paid. Under Texas law, on final completion of the work
20 and before final payment, the contractor is required to furnish you
21 with an affidavit stating that all bills have been paid. If the
22 contractor discloses any unpaid bill in the affidavit, you should
23 withhold payment in the amount of the unpaid bill until you receive
24 a waiver of lien or release from that subcontractor or supplier.

25 "OBTAIN TITLE INSURANCE PROTECTION. You may be able to obtain
26 a title insurance policy to insure that the title to your property
27 and the existing improvements on your property are free from liens

1 claimed by subcontractors and suppliers. If your policy is issued
2 before the improvements are completed and covers the value of the
3 improvements to be completed, you should obtain, on the completion
4 of the improvements and as a condition of your final payment,
5 a 'completion of improvements' policy endorsement. This
6 endorsement will protect your property from liens claimed by
7 subcontractors and suppliers that may arise from the date the
8 original title policy is issued to the date of the endorsement."

9 SECTION 38. Sections 53.259(a) and (c), Property Code, are
10 amended to read as follows:

11 (a) As a condition of final payment under a residential
12 construction contract, the original contractor shall, at the time
13 the final payment is tendered, execute and deliver to the owner, or
14 the owner's agent, an affidavit acknowledging the amount claimed
15 for payment and stating that the original contractor has paid each
16 person in full for all labor and materials used in the construction
17 of improvements on the real property. If the original contractor
18 has not paid each person in full, the original contractor shall
19 state in the affidavit the amount owed and the name and, if known,
20 the address and telephone number of each person to whom a payment is
21 owed.

22 (c) A person commits an offense if the person intentionally,
23 knowingly, or recklessly makes a false or misleading statement in
24 an affidavit under this section. An offense under this section is a
25 misdemeanor. A person adjudged guilty of an offense under this
26 section shall be punished by a fine not to exceed \$4,000 or
27 confinement in jail for a term not to exceed one year or both a fine

1 and confinement. [~~A person may not receive community supervision~~
2 ~~for the offense.~~]

3 SECTION 39. Section 53.281, Property Code, is amended to
4 read as follows:

5 Sec. 53.281. WAIVER AND RELEASE OF LIEN OR PAYMENT BOND
6 CLAIM. (a) Except as provided by Section 53.287, any [~~Any~~] waiver
7 and release of a lien or payment bond claim under this chapter is
8 unenforceable unless a waiver and release is executed and delivered
9 in accordance with this subchapter.

10 (b) A waiver and release is effective to release the owner,
11 the owner's property, the contractor, and the surety on a payment
12 bond from claims and liens only if:

13 (1) the waiver and release substantially complies with
14 one of the forms prescribed by Section 53.284;

15 (2) the waiver and release is signed by the claimant or
16 the claimant's authorized agent and acknowledged [~~notarized~~]; and

17 (3) in the case of a conditional release, evidence of
18 payment to the claimant exists.

19 (c) A waiver and release that substantially complies with a
20 form required by Section 53.284 may be combined with a bills-paid
21 affidavit that substantially conforms to the requirements of
22 Section 53.085 or 53.259.

23 SECTION 40. Section 53.283, Property Code, is amended to
24 read as follows:

25 Sec. 53.283. UNCONDITIONAL WAIVER AND RELEASE: PAYMENT
26 REQUIRED. (a) A person may not require a claimant or potential
27 claimant to execute an unconditional waiver and release for a

1 progress payment or final payment amount unless the claimant or
2 potential claimant received payment in that amount in good and
3 sufficient funds.

4 (b) Notwithstanding Subsection (a), a contractual
5 requirement for a claimant to waive or release the claimant's lien
6 rights under this chapter before performance of the work for which
7 the claim for payment is asserted is void.

8 (c) A claimant may tender an unconditional waiver and
9 release for payment before the actual receipt of a payment to be
10 delivered in trust to an attorney, title insurance company, title
11 insurance agent, or federally insured financial institution acting
12 as an escrow agent. The escrow agent may deliver the waiver and
13 release only after the claimant has confirmed receipt of payment in
14 good and sufficient funds.

15 SECTION 41. Section 53.284, Property Code, is amended by
16 amending Subsections (b), (c), (d), and (e) and adding Subsection
17 (f) to read as follows:

18 (b) If a claimant or potential claimant is required to
19 execute a waiver and release in exchange for or to induce the
20 payment of a progress payment and is not paid in exchange for the
21 waiver and release or if a single payee check or joint payee check
22 is given in exchange for the waiver and release, the waiver and
23 release must read:

24 "CONDITIONAL WAIVER AND RELEASE ON PROGRESS PAYMENT
25 "Project _____
26 "Job No. _____

27 "On receipt by the signer of this document of a check from

1 _____ (maker of check) in the sum of \$_____ payable
2 to _____ (payee or payees of check) and when the
3 check has been properly endorsed and has been paid by the bank on
4 which it is drawn, this document becomes effective to release any
5 mechanic's lien right, any right arising from a payment bond that
6 complies with a state or federal statute, any common law payment
7 bond right, any claim for payment, and any rights under any similar
8 ordinance, rule, or statute related to claim or payment rights for
9 persons in the signer's position that the signer has on the property
10 of _____ (owner) located at _____
11 (location) for [~~to~~] the following project [~~extent~~]:
12 _____ (project [~~job~~] description).

13 "This release covers a progress payment for all labor,
14 services, equipment, or materials furnished to the property or to
15 _____ (person with whom signer contracted) as
16 indicated in the attached statement(s) or progress payment
17 request(s), except for unpaid retention or [~~7~~] pending
18 modifications and changes [~~, or other items furnished~~].

19 "Before any recipient of this document relies on this
20 document, the recipient should verify evidence of payment to the
21 signer.

22 "The signer warrants that the signer has already paid or will
23 use the funds received from this progress payment to promptly pay in
24 full all of the signer's laborers, subcontractors, materialmen, and
25 suppliers for all work, materials, equipment, or services provided
26 for or to the above referenced project in regard to the attached
27 statement(s) or progress payment request(s).

1 "Date _____
 2 " _____ (Company name)
 3 "By _____ (Signature)
 4 " _____ (Title)
 5 "(Insert acknowledgment)"

6 (c) If a claimant or potential claimant is required to
 7 execute an unconditional waiver and release to prove the receipt of
 8 good and sufficient funds for a progress payment and the claimant or
 9 potential claimant asserts in the waiver and release that the
 10 claimant or potential claimant has been paid the progress payment,
 11 the waiver and release must:

12 (1) contain a notice at the top of the document,
 13 printed in bold type at least as large as the largest type used in
 14 the document, but not smaller than 10-point type, that reads:

15 "NOTICE:

16 "This document waives rights unconditionally and states that
 17 you have been paid for giving up those rights. It is prohibited for
 18 a person to require you to sign this document if you have not been
 19 paid the payment amount set forth below. If you have not been paid,
 20 use a conditional release form."; and

21 (2) below the notice, read:

22 "UNCONDITIONAL WAIVER AND RELEASE ON PROGRESS PAYMENT

23 "Project _____

24 "Job No. _____

25 "The signer of this document has been paid and has received a
 26 progress payment in the sum of \$_____ for all labor,
 27 services, equipment, or materials furnished to the property or to

1 _____ (person with whom signer contracted) on the
 2 property of _____ (owner) located at
 3 _____ (location) for ~~to~~ the following project
 4 ~~[extent]~~: _____ (project ~~[job]~~ description). The
 5 signer therefore waives and releases any mechanic's lien right, any
 6 right arising from a payment bond that complies with a state or
 7 federal statute, any common law payment bond right, any claim for
 8 payment, and any rights under any similar ordinance, rule, or
 9 statute related to claim or payment rights for persons in the
 10 signer's position that the signer has on the above referenced
 11 project to the following extent:

12 "This release covers a progress payment for all labor,
 13 services, equipment, or materials furnished to the property or to
 14 _____ (person with whom signer contracted) as
 15 indicated in the attached statement(s) or progress payment
 16 request(s), except for unpaid retention or ~~[r]~~ pending
 17 modifications and changes [~~, or other items furnished~~].

18 "The signer warrants that the signer has already paid or will
 19 use the funds received from this progress payment to promptly pay in
 20 full all of the signer's laborers, subcontractors, materialmen, and
 21 suppliers for all work, materials, equipment, or services provided
 22 for or to the above referenced project in regard to the attached
 23 statement(s) or progress payment request(s).

24 "Date _____

25 " _____ (Company name)

26 "By _____ (Signature)

27 " _____ (Title)

1 "(Insert acknowledgment)"

2 (d) If a claimant or potential claimant is required to
3 execute a waiver and release in exchange for or to induce the
4 payment of a final payment and is not paid in good and sufficient
5 funds in exchange for the waiver and release or if a single payee
6 check or joint payee check is given in exchange for the waiver and
7 release, the waiver and release must read:

8 "CONDITIONAL WAIVER AND RELEASE ON FINAL PAYMENT

9 "Project _____

10 "Job No. _____

11 "On receipt by the signer of this document of a check from
12 _____ (maker of check) in the sum of \$_____
13 payable to _____ (payee or payees of check) and
14 when the check has been properly endorsed and has been paid by the
15 bank on which it is drawn, this document becomes effective to
16 release any mechanic's lien right, any right arising from a payment
17 bond that complies with a state or federal statute, any common law
18 payment bond right, any claim for payment, and any rights under any
19 similar ordinance, rule, or statute related to claim or payment
20 rights for persons in the signer's position that the signer has on
21 the property of _____ (owner) located at
22 _____ (location) for ~~to~~ the following project
23 ~~[extent]~~: _____ (project ~~[job]~~ description).

24 "This release covers the final payment to the signer for all
25 labor, services, equipment, or materials furnished to the property
26 or to _____ (person with whom signer contracted).

27 "Before any recipient of this document relies on this

1 document, the recipient should verify evidence of payment to the
2 signer.

3 "The signer warrants that the signer has already paid or will
4 use the funds received from this final payment to promptly pay in
5 full all of the signer's laborers, subcontractors, materialmen, and
6 suppliers for all work, materials, equipment, or services provided
7 for or to the above referenced project up to the date of this waiver
8 and release.

9 "Date _____

10 "_____ (Company name)

11 "By _____ (Signature)

12 "_____ (Title)

13 "(Insert acknowledgment)"

14 (e) If a claimant or potential claimant is required to
15 execute an unconditional waiver and release to prove the receipt of
16 good and sufficient funds for a final payment and the claimant or
17 potential claimant asserts in the waiver and release that the
18 claimant or potential claimant has been paid the final payment, the
19 waiver and release must:

20 (1) contain a notice at the top of the document,
21 printed in bold type at least as large as the largest type used in
22 the document, but not smaller than 10-point type, that reads:

23 "NOTICE:

24 "This document waives rights unconditionally and states that
25 you have been paid for giving up those rights. It is prohibited for
26 a person to require you to sign this document if you have not been
27 paid the payment amount set forth below. If you have not been paid,

1 use a conditional release form."; and

2 (2) below the notice, read:

3 "UNCONDITIONAL WAIVER AND RELEASE ON FINAL PAYMENT

4 "Project _____

5 "Job No. _____

6 "The signer of this document has been paid in full for all
7 labor, services, equipment, or materials furnished to the property
8 or to _____ (person with whom signer contracted) on
9 the property of _____ (owner) located at
10 _____ (location) for ~~[to]~~ the following project
11 ~~[extent]~~: _____ (project ~~[job]~~ description). The
12 signer therefore waives and releases any mechanic's lien right, any
13 right arising from a payment bond that complies with a state or
14 federal statute, any common law payment bond right, any claim for
15 payment, and any rights under any similar ordinance, rule, or
16 statute related to claim or payment rights for persons in the
17 signer's position.

18 "The signer warrants that the signer has already paid or will
19 use the funds received from this final payment to promptly pay in
20 full all of the signer's laborers, subcontractors, materialmen, and
21 suppliers for all work, materials, equipment, or services provided
22 for or to the above referenced project up to the date of this waiver
23 and release.

24 "Date _____

25 "_____ (Company name)

26 "By _____ (Signature)

27 "_____ (Title)

1 "(Insert acknowledgment)"

2 (f) If the owner has filed and posted a notice of
3 commencement under Section 53.125, the owner may require, as a
4 condition for final payment, a claimant who has provided a notice of
5 furnishing to post on the lien website a conditional waiver and
6 release on final payment described by Subsection (d).

7 SECTION 42. The following provisions of the Property Code
8 are repealed:

- 9 (1) Section 53.001(11);
- 10 (2) Section 53.022(b);
- 11 (3) Section 53.025;
- 12 (4) Section 53.053;
- 13 (5) Section 53.056;
- 14 (6) Section 53.057;
- 15 (7) Section 53.058;
- 16 (8) Section 53.083;
- 17 (9) Section 53.084;
- 18 (10) Subchapter E, Chapter 53;
- 19 (11) Section 53.206(c);
- 20 (12) Section 53.252;
- 21 (13) Section 53.253; and
- 22 (14) Section 53.254(g).

23 SECTION 43. The changes in law made by this Act apply only
24 to an original contract entered into on or after the effective date
25 of this Act. An original contract entered into before the effective
26 date of this Act is governed by the law as it existed immediately
27 before the effective date of this Act, and that law is continued in

1 effect for that purpose.

2 SECTION 44. This Act takes effect May 1, 2018.