

By: Paxton

S.B. No. 2163

A BILL TO BE ENTITLED

AN ACT

relating to the survival of a mechanic's retainage lien after the foreclosure of a lien securing a construction loan.

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

SECTION 1. Subchapter F, Chapter 53, Property Code, is amended by adding Section 53.125 to read as follows:

Sec. 53.125. SURVIVAL OF RETAINAGE LIEN AFTER CERTAIN FORECLOSURES. (a) A person who purchases property that is sold due to the foreclosure of a lien that secures a financing agreement or loan to pay for the construction or repair of an improvement to real property takes the property subject to an unreleased retainage lien established under Section 53.105.

(b) For purposes of this section, "retainage" includes retainage under Subchapter E.

SECTION 2. The changes in law made by this Act apply only to a lien related to an original contract entered into on or after the effective date of this Act. A lien related to an original contract entered into before the effective date of this Act is governed by the law applicable to the lien immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 3. This Act takes effect September 1, 2019.