

By: Hughes

S.B. No. 841

A BILL TO BE ENTITLED

AN ACT

relating to the beneficiaries of trust funds paid or received in connection with an improvement on specific real property.

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

SECTION 1. Section 162.003(a), Property Code, is amended to read as follows:

(a) A person who is an ~~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, or the assignee of that person, is a beneficiary of any trust funds paid or received in connection with the improvement.

SECTION 2. Subchapter A, Chapter 162, Property Code, is amended by adding Section 162.0031 to read as follows:

Sec. 162.0031. BENEFICIARY'S ASSIGNMENT OF INTEREST IN UNPAID TRUST FUNDS. An assignment by a beneficiary of the beneficiary's interest in unpaid trust funds under this chapter may not be enforced unless:

(1) the assignment is:

(A) made in writing not earlier than the date the assignee has paid the beneficiary in good and sufficient funds for the assignment; and

(B) not made as part of the beneficiary's construction contract; and

1           (2) the assignee is a beneficiary, trustee, or  
2 property owner under the contract for the construction or repair of  
3 an improvement on real property in connection with which the  
4 payment of trust funds is made.

5           SECTION 3. This Act takes effect September 1, 2025.