

By: Turner of Tarrant

H.B. No. 3541

A BILL TO BE ENTITLED

1 AN ACT

2 relating to a fee collected by a landlord in lieu of a security
3 deposit.

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

5 SECTION 1. Subchapter A, Chapter 92, Property Code, is
6 amended by adding Section 92.111 to read as follows:

7 Sec. 92.111. FEE IN LIEU OF SECURITY DEPOSIT.

8 (a) If a security deposit is required by a residential
9 lease, the landlord may choose to offer the tenant an option to pay
10 a fee in lieu of a security deposit;

11 (b) If the tenant decides to pay a fee in lieu of a security
12 deposit, an agreement to collect a fee in lieu of a security deposit
13 must be in writing and signed by the landlord or their legal
14 representative and the tenant;

15 (c) A fee in lieu of a security deposit may be a recurring
16 monthly fee, or payable upon any schedule and in any amount that the
17 landlord and tenant choose;

18 (d) A fee collected under this section may be used to
19 purchase insurance coverage for damages and charges for which the
20 tenant is legally liable under the lease or as a result of breaching
21 the lease.

22 (e) A fee collected under this section is not a security
23 deposit as defined by Section 92.102.

24 SECTION 2. Section 92.111, Property Code, as added by this

1 Act, applies only to a lease entered into or renewed on or after the
2 effective date of this Act. A lease entered into or renewed before
3 the effective date of this Act is governed by the law as it existed
4 immediately before the effective date of this Act, and that law is
5 continued in effect for that purpose.

6 SECTION 3. This Act takes effect September 1, 2021.