

BILL ANALYSIS

Senate Research Center

H.B. 534
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, under provisions of the Property Code, a person other than a tenant who cosigns or guarantees a lease is potentially liable for the duration of a tenant's lease term and subsequent renewals of the lease.

H.B. 534 would amend the Property Code to hold a person other than a tenant who cosigns or guarantees a lease liable only for the original lease term, unless the guarantor agrees to guarantee the renewal of the lease. H.B. 534 would permit a guarantee of the renewal of a lease only if the original lease states the last date, specified by the guarantor, on which the renewal of the lease will renew the obligation of the guarantor and states that the guarantor is responsible for the renewal before that date. A guarantor can only be liable under the bill if the renewal involves the same parties to the original lease and does not increase the guarantor's potential financial obligation for rent which existed under the original lease

H.B. 534 relates to the liability of certain guarantors under a residential lease.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 92, Property Code, by adding Section 92.021, as follows:

Sec. 92.021. **LIABILITY OF CERTAIN GUARANTORS UNDER LEASE.** (a) Provides that a person other than a tenant who guarantees a lease is liable only for the original lease term except that a person is authorized to specify that the person agrees to guarantee a renewal of the lease as provided by Subsection (b).

(b) Authorizes a person to specify in writing in an original lease that the person will guarantee a renewal of the lease only if the original lease states the last date, as specified by the guarantor, on which the renewal of the lease will renew the obligation of the guarantor; that the guarantor is liable under a renewal of the lease that occurs on or before that date; and that the guarantor is liable under a renewal of the lease only if the renewal involves the same parties as the original lease, and does not increase the guarantor's potential financial obligation for rent that existed under the original lease.

(c) Provides that Subsection (b) does not prohibit a guarantor from voluntarily entering into an agreement at the time of the renewal of a lease, in a separate written document, to guarantee an increased amount of rent.

(d) Provides that this section does not release a guarantor from the obligations of the guarantor under the terms of the original lease or a valid renewal for costs and damages owed to the lessor that arise after the date specified by the guarantor in the original lease in accordance with Subsection (b), if the costs or damages relate to actions of the tenant before that date or arise as a result of the tenant refusing to vacate the leased premises.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: January 1, 2010.