

## **BILL ANALYSIS**

C.S.H.B. 883  
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Business & Industry  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Apartment tenants are vulnerable to being exploited when they terminate their leases early and are billed by their landlords for an amount greater than the amount owed in rent for the remainder of the lease. This occurs because landlords often include discounts in leases but retract those discounts upon early termination of a lease. Subsequently, tenants are charged for the remainder of the rent due under the lease term plus additional monthly charges.

C.S.H.B. 883 specifies the amounts for which a tenant is liable to a landlord for terminating a lease without cause before the termination date stated in the lease. The bill limits the damages a landlord may recover to remaining rent, late fees and reletting fees, and certain repair costs. The bill prohibits the rental rate for the remainder of the lease term from exceeding the rate the tenant was paying in the case of an early termination of a lease.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 883 amends the Property Code to make a tenant who terminates a lease without cause before the termination date stated in the lease liable to the landlord for the landlord's damages that result from the tenant's early termination of the lease, less any lawful setoffs, and including any amount of a security deposit eligible for refund, and less any amounts collected in the landlord's effort to mitigate the damages. The bill limits the damages a landlord is authorized to collect to the amount of rent required to be paid for the remainder of the lease, late fees owed by the tenant before the termination, reasonable fees incurred by the landlord to relet the property, and costs to repair the property for any damage to the property beyond normal wear and tear. The bill provides that, for purposes of establishing the amount of rent required to be paid for the remainder of the lease term, the rental rate for the remainder of that term may not exceed the rate the tenant was paying before the date of the tenant's early termination. The bill provides that its provisions do not limit a right of a landlord or tenant relating to the retention of a security deposit. The bill provides that a provision of a lease that purports to waive a tenant's right or to exempt a landlord from a liability or duty under the bill's provisions is void.

### **EFFECTIVE DATE**

January 1, 2010.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 883 adds a provision not in the original to clarify that lawful setoffs include any amount of a security deposit eligible for refund.

C.S.H.B. 883 adds provisions not in the original to add to the recoverable damages late fees owed by the tenant before the termination of the lease, reasonable fees incurred by the landlord to relet the property, and costs to repair the property for any damage to the property beyond normal wear and tear.

C.S.H.B. 883 adds a provision not in the original to provide that the bill does not limit a right of a landlord or tenant relating to the retention of a security deposit.

C.S.H.B. 883 differs from the original by changing the effective date from September 1, 2009, to January 1, 2010.