By:  Creighton S.B. No. 1783

A BILL TO BE ENTITLED

AN ACT

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

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

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

Sec. 92.111.  FEE IN LIEU OF SECURITY DEPOSIT.

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

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

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

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

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

SECTION 2.  Section 92.111, Property Code, as added by this Act, applies only to a lease entered into or renewed on or after the effective date of this Act. A lease entered into or renewed before the effective date of this Act is governed by the law as it existed 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, 2021.