

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

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.