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**ENGROSSED SUBSTITUTE HOUSE BILL 1515**

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**State of Washington 67th Legislature 2021 Regular Session**

**By** House Housing, Human Services & Veterans (originally sponsored by Representatives Peterson, Springer, Simmons, Santos, Taylor, Shewmake, Dufault, Barkis, Thai, Ormsby, and Lekanoff)

AN ACT Relating to security deposit waiver fees; and adding a new section to chapter 59.18 RCW.

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

NEW SECTION. **Sec.**  A new section is added to chapter 59.18 RCW to read as follows:

(1) Notwithstanding any other provision of law, if a landlord chooses to waive a security deposit requirement, and a tenant agrees to instead pay a fee in lieu of a security deposit, the landlord shall:

(a) Ensure that the fee in lieu of a security deposit is strictly optional for the tenant, and the tenant may choose to pay a full security deposit rather than a fee in lieu of a security deposit;

(b) Not use a prospective tenant's choice to pay a fee in lieu of a security deposit or a traditional security deposit as a criterion in the determination of whether to approve an application for occupancy;

(c) If choosing to offer the fee in lieu of a security deposit option, offer it to every prospective tenant whose application for occupancy has been approved, without further regard to income, race, gender, disability, sexual orientation, immigration status, size of household, or credit score following such approval;

(d) Allow any tenant that agrees to pay a fee in lieu of a security deposit, to opt out of the continuing fee in lieu of a security deposit obligation upon full payment of the security deposit that is otherwise in effect for the tenant's apartment on the day of the opt out; and

(e) Disclose to the tenant in writing:

(i) The terms of any insurance coverage purchased by the landlord for unpaid rent and unit damage and paid for by the tenant through fees charged in lieu of a security deposit including, but not limited to, the amount of any cap on coverage, and costs excluded from such coverage; and

(ii) That the payment of the fee in lieu of a security deposit does not preclude the insurer or the landlord from proceeding against the tenant to recover sums for damage to the property for which the tenant is responsible together with reasonable attorneys' fees.

(2) A landlord found in violation of subsection (1) of this section shall be held liable to the tenant in a civil action up to two times the monthly rent of the real property at issue, as well as court or arbitration costs and reasonable attorneys' fees.

(3) Any fee in lieu of a security deposit:

(a) May be entirely or partially nonrefundable, so long as this is disclosed in the lease and separately acknowledged by the tenant;

(b) Does not constitute rent as defined in RCW 59.18.030, provided that nothing in this section shall preclude the landlord from proceeding in a civil action against, and the landlord shall have the right to proceed against, a tenant to recover unpaid fees;

(c) May be utilized by the landlord to purchase insurance coverage for unpaid rent or unit damage from a lawful insurer, provided that a landlord may not charge a fee that is more than the reasonable cost of obtaining and administering such insurance. As of July 1, 2024, all insurance policies relating to this section must be from insurance companies authorized to transact insurance in this state by the insurance commissioner;

(d) May be a recurring monthly fee, or payable upon any schedule and in any amount that the landlord and tenant choose, provided that the first month's fee is a nonrefundable fee as contemplated under RCW 59.18.610; and

(e) Shall not be considered by a court, arbitrator, mediator, or any other dispute resolution adjudicator to be a security deposit or governed by state or local codes governing security deposits, except that any action taken against a tenant to recover for costs of repairs, whether by the landlord or an insurer, shall be commenced within one year of the termination of the rental agreement or the tenant's abandonment of the premises and shall otherwise comply with the requirements in RCW 59.18.280 insofar as they relate to documentation of damages, standards for normal wear and tear, or other standards of proof required to make a claim against a deposit in RCW 59.18.280.

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