

HOUSE BILL REPORT

SSB 6402

As Reported by House Committee On:

Financial Institutions & Insurance

Title: An act relating to giving landlords the flexibility to deposit landlord trust account funds in any financial institution.

Brief Description: Giving landlords the flexibility to deposit landlord trust account funds in any financial institution.

Sponsors: Senate Committee on Financial Services, Insurance & Housing (originally sponsored by Senators Benton, Rasmussen, Winsley, Keiser and Kohl-Welles).

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/24/04 [DPA].

Brief Summary of Substitute Bill (As Amended by House Committee)

- Allows a landlord to hold a tenant's security deposit in a credit union.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass as amended. Signed by 11 members: Representatives Schual-Berke, Chair; G. Simpson, Vice Chair; Benson, Ranking Minority Member; Newhouse, Assistant Ranking Minority Member; Cairnes, Carrell, Cooper, Hatfield, Roach, Santos and D. Simpson.

Staff: Caroleen Dineen (786-7156).

Background:

Washington's Residential Landlord-Tenant Act (RLTA) governs the relationship between the renter of residential property (tenant) and the property owner or property owner's agent (landlord). The RLTA outlines the specific duties of the landlord and tenant and specifies their rights and remedies.

The Manufactured/Mobile Home Landlord-Tenant Act (MMHLTA) governs the

relationship between the owners of mobile home parks (landlords) and owners of the manufactured and mobile homes (tenants) who lease space in a mobile home park. A "mobile home park" or "manufactured home community" is real property rented to others for the placement of two or more mobile homes, manufactured homes, or park models. As with the RLTA, the MMHLTA specifies the rights, duties and remedies of landlords and tenants in this rental relationship.

Both the RLTA and MMHLTA allow a landlord to require a tenant to pay a deposit as security for performance of the tenant's obligations in a lease or rental agreement. The landlord must promptly deposit the tenant's security deposit in a trust account maintained by the landlord in a bank, savings and loan association, mutual savings bank, or licensed escrow agent located in Washington.

Summary of Amended Bill:

A landlord may hold a tenant's security deposit in a trust account maintained at a credit union located in Washington. In the RLTA and the MMHLTA statutes governing tenant security deposits, the list of financial institutions is replaced with a reference to the statutory "financial institution" definition. This definition includes state and national banks and trust companies, state and federal savings and loan associations, and state and federal credit unions.

Amended Bill Compared to Substitute Bill:

The amendment reinstates the current law authority for landlords to hold tenant security deposits in trust accounts with licensed escrow agents.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: There is no known opposition to this bill from interested parties. The Senate's elimination of the licensed escrow agent provision was an oversight; the proposed committee amendment is supported.

Testimony Against: None.

Persons Testifying: Senator Benton, prime sponsor; and Terry Kohl, Washington

Apartment Association.

Persons Signed In To Testify But Not Testifying: None.