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**SUBSTITUTE SENATE BILL 6402**

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**State of Washington**

**58th Legislature**

**2004 Regular Session**

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

READ FIRST TIME 02/04/04.

1 AN ACT Relating to giving landlords the flexibility to deposit  
2 landlord trust account funds in any financial institution; and amending  
3 RCW 59.18.270 and 59.20.170.

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

5 **Sec. 1.** RCW 59.18.270 and 1975 1st ex.s. c 233 s 1 are each  
6 amended to read as follows:

7 All moneys paid to the landlord by the tenant as a deposit as  
8 security for performance of the tenant's obligations in a lease or  
9 rental agreement shall promptly be deposited by the landlord in a trust  
10 account, maintained by the landlord for the purpose of holding such  
11 security deposits for tenants of the landlord, in a (~~bank, savings and~~  
12 ~~loan association, mutual savings bank, or licensed escrow agent located~~  
13 ~~in Washington~~) financial institution as defined by RCW 30.22.041.  
14 Unless otherwise agreed in writing, the landlord shall be entitled to  
15 receipt of interest paid on such trust account deposits. The landlord  
16 shall provide the tenant with a written receipt for the deposit and  
17 shall provide written notice of the name and address and location of  
18 the depository and any subsequent change thereof. If during a tenancy  
19 the status of landlord is transferred to another, any sums in the

1 deposit trust account affected by such transfer shall simultaneously be  
2 transferred to an equivalent trust account of the successor landlord,  
3 and the successor landlord shall promptly notify the tenant of the  
4 transfer and of the name, address, and location of the new depository.  
5 The tenant's claim to any moneys paid under this section shall be prior  
6 to that of any creditor of the landlord, including a trustee in  
7 bankruptcy or receiver, even if such moneys are commingled.

8 **Sec. 2.** RCW 59.20.170 and 1999 c 359 s 15 are each amended to read  
9 as follows:

10 (1) All moneys paid to the landlord by the tenant as a deposit as  
11 security for performance of the tenant's obligations in a rental  
12 agreement shall promptly be deposited by the landlord in a trust  
13 account, maintained by the landlord for the purpose of holding such  
14 security deposits for tenants of the landlord, in a (~~bank, savings and~~  
15 ~~loan association, mutual savings bank, or licensed escrow agent located~~  
16 ~~in Washington~~) financial institution as defined by RCW 30.22.041.  
17 Except as provided in subsection (2) of this section, unless otherwise  
18 agreed in writing, the landlord shall be entitled to receipt of  
19 interest paid on such trust account deposits. The landlord shall  
20 provide the tenant with a written receipt for the deposit and shall  
21 provide written notice of the name and address and location of the  
22 depository and any subsequent change thereof. If during a tenancy the  
23 status of landlord is transferred to another, any sums in the deposit  
24 trust account affected by such transfer shall simultaneously be  
25 transferred to an equivalent trust account of the successor landlord,  
26 and the successor landlord shall promptly notify the tenant of the  
27 transfer and of the name, address and location of the new depository.  
28 The tenant's claim to any moneys paid under this section shall be prior  
29 to that of any creditor of the landlord, including a trustee in  
30 bankruptcy or receiver, even if such moneys are commingled.

31 (2) All moneys paid, in excess of two months' rent on the mobile  
32 home lot, to the landlord by the tenant as a deposit as security for  
33 performance of the tenant's obligations in a rental agreement shall be  
34 deposited into an interest-bearing trust account for the particular  
35 tenant. The interest accruing on the deposit in the account, minus  
36 fees charged to administer the account, shall be paid to the tenant on

1 an annual basis. All other provisions of subsection (1) of this  
2 section shall apply to deposits under this subsection.

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