

CERTIFICATION OF ENROLLMENT  
**SUBSTITUTE SENATE BILL 6402**

Chapter 136, Laws of 2004

58th Legislature  
2004 Regular Session

LANDLORD TRUST ACCOUNTS

EFFECTIVE DATE: 6/10/04

Passed by the Senate March 9, 2004  
YEAS 43 NAYS 0

BRAD OWEN

\_\_\_\_\_  
**President of the Senate**

Passed by the House March 4, 2004  
YEAS 94 NAYS 0

FRANK CHOPP

\_\_\_\_\_  
**Speaker of the House of Representatives**

CERTIFICATE

I, Milton H. Doumit, Jr.,  
Secretary of the Senate of the  
State of Washington, do hereby  
certify that the attached is  
**SUBSTITUTE SENATE BILL 6402** as  
passed by the Senate and the House  
of Representatives on the dates  
hereon set forth.

MILTON H. DOUMIT JR.

\_\_\_\_\_  
**Secretary**

Approved March 26, 2004.

FILED

March 26, 2004 - 3:07 p.m.

GARY F. LOCKE

\_\_\_\_\_  
**Governor of the State of Washington**

**Secretary of State  
State of Washington**

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**SUBSTITUTE SENATE BILL 6402**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2004 Regular Session

**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,)) financial institution as  
13 defined by RCW 30.22.041 or licensed escrow agent located in  
14 Washington. Unless otherwise agreed in writing, the landlord shall be  
15 entitled to receipt of interest paid on such trust account deposits.  
16 The landlord shall provide the tenant with a written receipt for the  
17 deposit and shall provide written notice of the name and address and  
18 location of the depository and any subsequent change thereof. If  
19 during a tenancy the status of landlord is transferred to another, any~~

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

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

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

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

1 fees charged to administer the account, shall be paid to the tenant on  
2 an annual basis. All other provisions of subsection (1) of this  
3 section shall apply to deposits under this subsection.

Passed by the Senate March 9, 2004.

Passed by the House March 4, 2004.

Approved by the Governor March 26, 2004.

Filed in Office of Secretary of State March 26, 2004.