

HOUSE BILL REPORT

HB 2715

As Reported by House Committee On:

Financial Institutions & Insurance

Title: An act relating to providing the option of keeping landlord trust account funds in a credit union.

Brief Description: Providing the option of keeping landlord trust account funds in a credit union.

Sponsors: Representatives Schual-Berke, Benson, Tom, Moeller, McIntire and Chase.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/4/04 [DPS].

<h4>Brief Summary of Substitute Bill</h4>

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| <ul style="list-style-type: none">· Allows a landlord to deposit a tenant's security deposit in a credit union. |
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HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Schual-Berke, Chair; Simpson, G., Vice Chair; Benson, Ranking Minority Member; Newhouse, Assistant Ranking Minority Member; Cairnes, Carrell, Cooper, Hatfield, Roach, Santos and Simpson, D.

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 Substitute 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.

Substitute Bill Compared to Original Bill:

The substitute replaces the list of financial institutions with the reference to the statutory financial institution definition and adds these provisions to the MMHLTA.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: (original bill) There is nothing in the law that prevents credit unions from taking funds. The RLTA prohibits depositing these funds in a credit union trust account. This bill will update the RLTA and reflect what is allowed and current practice for real estate brokers doing property management. This bill will prevent some landlords who are not aware of this prohibition from inadvertently violating the law. In addition, this bill will help some landlords in eastern Washington who report difficulty finding institutions that will take these deposits.

Testimony Against: None.

Persons Testifying: Mark Minickiello, Washington Credit Union League; Gary Gardner, Boing Employees Credit Union; Bob Mitchell, Washington Association of Realtors; and Terry Kohl, Washington Apartment Association.

Persons Signed In To Testify But Not Testifying: None.