

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 535

Session of
1981

INTRODUCED BY CALTAGIRONE AND COCHRAN, FEBRUARY 10, 1981

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE,
FEBRUARY 10, 1981

AN ACT

1 Amending the act of April 6, 1951 (P.L.69, No.20), entitled "An
2 act relating to the rights, obligations and liabilities of
3 landlord and tenant and of parties dealing with them and
4 amending, revising, changing and consolidating the law
5 relating thereto," further providing for the disposition of
6 tenants' escrow funds when title to the residential rental
7 property is transferred and imposing penalties.

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 Section 1. The act of April 6, 1951 (P.L.69, No.20), known
11 as "The Landlord and Tenant Act of 1951," is amended by adding a
12 section to read:

13 Section 511.4. Disposition of Escrow Funds upon Transfer of
14 Residential Rental Property.--(a) Every agreement of sale
15 relating to residential rental property shall contain a
16 paragraph or paragraphs regarding the disposition of any or all
17 escrow funds accumulated pursuant to section 511.1. The
18 following matters shall be specifically addressed in the
19 agreement of sale:

1 (1) The identification of the institution and the account
2 number or numbers in which and under which the escrow funds are
3 deposited.

4 (2) The total amount of the escrow funds including any
5 accrued interest.

6 (3) An agreement by the seller to: (i) within 20 days prior
7 to the settlement either return the escrow funds to the
8 respective tenants or notify, in writing, each tenant of the
9 prospective transfer; (ii) within ten (10) days prior to the
10 settlement file with the purchaser a detailed accounting
11 relating to the escrow funds if the funds have not been returned
12 to the tenant or a list of receipts from the tenants verifying
13 receipt of the escrow deposit; and (iii) transfer to the buyer
14 on the settlement date, the account or accounts containing the
15 escrow funds with accrued interest.

16 (4) An agreement between the seller and the buyer to escrow
17 from the purchase price for a period of time not exceeding
18 thirty (30) days after settlement, an amount of money in trust
19 for the tenants, sufficient to cover the full amount of the
20 accumulated escrow funds and accrued interest acquired pursuant
21 to section 511.1 in case any discrepancy arises.

22 (b) (1) The failure of any prospective purchaser to include
23 the provisions of subsection (a) in an agreement of sale shall
24 result in the forfeiture by such purchaser of any power to
25 require any escrow deposits from any tenant.

26 (2) The failure of any seller to fully comply with the
27 provisions of subsection (a) shall result in a forfeiture of the
28 fund escrowed pursuant to subsection (a)(4). In addition, the
29 failure of any seller to comply with subsection (a) shall be a
30 criminal offense classified as a misdemeanor of the third degree

1 and upon conviction thereof, the seller shall be fined not less
2 than one thousand dollars (\$1,000) per escrow account per tenant
3 and in addition ordered to make restitution to such tenant.

4 Section 2. This act shall take effect in 60 days.