

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2506 Session of  
1992

INTRODUCED BY ADOLPH, MAYERNIK, VROON, KOSINSKI, HERSHEY,  
CARONE, BATTISTO, NYCE, FARGO, JOHNSON, HARLEY, TRELLO,  
HARPER, STABACK, NOYE, NICKOL, KENNEY, RAYMOND, GERLACH,  
TIGUE, OLASZ, SCHEETZ, PRESTON, MICOZZIE, D. W. SNYDER,  
CIVERA, KING AND THOMAS, MARCH 17, 1992

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE, MARCH 17, 1992

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 escrow funds.

6 The General Assembly of the Commonwealth of Pennsylvania  
7 hereby enacts as follows:

8 Section 1. Sections 511.1 and 511.2 of the act of April 6,  
9 1951 (P.L.69, No.20), known as The Landlord and Tenant Act of  
10 1951, added December 29, 1972 (P.L.1698, No.363), are amended to  
11 read:

12 Section 511.1. Escrow Funds Limited.--(a) No landlord may  
13 require a sum in excess of two months' rent to be deposited in  
14 escrow for the payment of damages to the leasehold premises  
15 and/or default in rent thereof during the first year of any  
16 lease.

17 (b) During the second and subsequent years of the lease or  
18 during any renewal of the original lease the amount required to

1 be deposited may not exceed one month's rent.

2 (c) If, during the third or subsequent year of a lease, or  
3 during any renewal after the expiration of two years of tenancy,  
4 the landlord requires the one month's rent escrow provided  
5 herein, upon termination of the lease, or on surrender and  
6 acceptance of the leasehold premises, the escrow funds together  
7 with interest shall be returned to the tenant in accordance with  
8 sections 511.2 and 512.

9 (d) Whenever a tenant has been in possession of premises for  
10 a period of five years or greater, any increase or increases in  
11 rent shall not require a concomitant increase in any security  
12 deposit.

13 [(e) This section applies only to the rental of residential  
14 property.]

15 (f) Any attempted waiver of this section by a tenant by  
16 contract or otherwise shall be void and unenforceable.

17 Section 511.2. Interest on Escrow Funds Held More Than Two  
18 Years.--(a) Except as otherwise provided in this section, all  
19 funds over one hundred dollars (\$100) deposited with a lessor to  
20 secure the execution of a rental agreement [on residential  
21 property] in accordance with section 511.1 and pursuant to any  
22 lease newly executed or reexecuted after the effective date of  
23 this act shall be deposited in an escrow account of an  
24 institution regulated by the Federal Reserve Board, the Federal  
25 Home Loan Bank Board, Comptroller of the Currency, or the  
26 Pennsylvania Department of Banking. When any funds are deposited  
27 in any escrow account, interest-bearing or noninterest-bearing,  
28 the lessor shall thereupon notify in writing each of the tenants  
29 making any such deposit, giving the name and address of the  
30 banking institution in which such deposits are held, and the

1 amount of such deposits.

2 (b) Whenever any money is required to be deposited in an  
3 interest-bearing escrow savings account, in accordance with  
4 section 511.1, then the lessor shall be entitled to receive as  
5 administrative expenses, a sum equivalent to one per cent per  
6 annum upon the security money so deposited, which shall be in  
7 lieu of all other administrative and custodial expenses. The  
8 balance of the interest paid shall be the money of the tenant  
9 making the deposit and will be paid to said tenant annually upon  
10 the anniversary date of the commencement of his lease.

11 (c) The provisions of this section shall apply only after  
12 the second anniversary of the deposit of escrow funds.

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