

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 202 Session of
2001

INTRODUCED BY ADOLPH, RAYMOND, BARD, BARRAR, CALTAGIRONE,
M. COHEN, COY, DeLUCA, FAIRCHILD, FRANKEL, GEIST, HARHAI,
HENNESSEY, HERSHEY, KENNEY, LAUGHLIN, LEH, R. MILLER,
S. MILLER, PISTELLA, READSHAW, ROHRER, ROSS, RUBLEY,
SCHRODER, SCRIMENTI, SHANER, SOLOBAY, STABACK, T. STEVENSON,
E. Z. TAYLOR, TIGUE, WANSACZ, WILT, YEWCIC, YOUNGBLOOD AND
ZUG, JANUARY 24, 2001

REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, JANUARY 24, 2001

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

1 during any renewal of the original lease the amount required to
2 be deposited may not exceed one month's rent.

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

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

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

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

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

1 banking institution in which such deposits are held, and the
2 amount of such deposits.

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

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

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