

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2427 Session of 2020

INTRODUCED BY GAYDOS, APRIL 21, 2020

REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, APRIL 21, 2020

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," in recovery of possession, further  
 6 providing for escrow funds limited and for recovery of  
 7 improperly held escrow funds.

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

10 Section 1. Sections 511.1 and 512 of the act of April 6,  
 11 1951 (P.L.69, No.20), known as The Landlord and Tenant Act of  
 12 1951, are amended to read:

13 Section 511.1. Escrow Funds Limited.--(a) No landlord may  
 14 require a sum in excess of two months' rent to be deposited in  
 15 escrow in the form of cash or other security in accordance with  
 16 subsection (d.1) for the payment of damages to the leasehold  
 17 premises and/or default in rent thereof during the first year of  
 18 any lease.

19 (b) During the second and subsequent years of the lease or  
 20 during any renewal of the original lease the amount required to  
 21 be deposited may not exceed one month's rent.

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

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

12 (d.1) A tenant shall have the right to satisfy the amount  
13 required to be deposited in the form of:

14 (1) cash through a schedule of installment payments,  
15 specified in the contract, for a period of no less than three  
16 months; or

17 (2) other security acceptable to the landlord.

18 (d.2) If a landlord requires a security deposit, the  
19 landlord must participate in a deposit alternative program, such  
20 as lease insurance, which allows the renter an alternative  
21 option to placing a security as defined in subsection (d.1). The  
22 following apply:

23 (1) A landlord may charge the tenant a monthly fee no  
24 greater than 7% of the monthly lease value to offset the  
25 landlord's costs associated with the landlord's participation in  
26 any deposit alternative or lease insurance programs.

27 (2) The deposit alternative or lease insurance provider must  
28 be an approved carrier and reinsured by a carrier licensed by,  
29 and in good standing with, the Insurance Department.

30 (3) The deposit alternative or lease insurance coverage must

1 be effective upon the payment of the first premium and remain  
2 effective for the entire lease term.

3 (e) This section applies only to the rental of residential  
4 property.

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

7 Section 512. Recovery of Improperly Held Escrow Funds.--(a)  
8 Every landlord shall within thirty days of termination of a  
9 lease or upon surrender and acceptance of the leasehold  
10 premises, whichever first occurs, provide a tenant with a  
11 written list of any damages to the leasehold premises for which  
12 the landlord claims the tenant is liable. Delivery of the list  
13 shall be accompanied by payment of the difference between any  
14 sum deposited in escrow, including any unpaid interest thereon,  
15 for the payment of damages to the leasehold premises and the  
16 actual amount of damages to the leasehold premises caused by the  
17 tenant. If a deposit alternative insurance policy has been  
18 sourced and delivered by the tenant and accepted by the landlord  
19 as the security under this act, the landlord shall include with  
20 the list a copy of any claim filed by the landlord with the  
21 insurer under the policy and a statement of the claim status. If  
22 a form of security other than cash or an insurance policy has  
23 been delivered by the tenant and accepted by the landlord as the  
24 security deposit under this act, the landlord shall include with  
25 the list a statement as to the status of the security. Nothing  
26 in this section shall preclude the landlord from refusing to  
27 return the escrow fund, including any unpaid interest thereon,  
28 for nonpayment of rent or for the breach of any other condition  
29 in the lease by the tenant.

30 (b) Any landlord who fails to provide a written list and, if

1 applicable, a copy of any insurance claim and statement of claim  
2 status or statement relating to security status within thirty  
3 days as required in subsection (a), above, shall forfeit all  
4 rights to withhold any portion of sums held in escrow, including  
5 any unpaid interest thereon, to payment under the insurance  
6 claim, if applicable, or to bring suit against the tenant for  
7 damages to the leasehold premises.

8 (c) If the landlord fails to pay the tenant the difference  
9 between the sum deposited in the form of cash, including any  
10 unpaid interest thereon, and the actual damages to the leasehold  
11 premises caused by the tenant within thirty days after  
12 termination of the lease or surrender and acceptance of the  
13 leasehold premises, the landlord shall be liable in assumpsit to  
14 double the amount by which the sum deposited as cash in escrow,  
15 including any unpaid interest thereon, exceeds the actual  
16 damages to the leasehold premises caused by the tenant as  
17 determined by any court of record or court not of record having  
18 jurisdiction in civil actions at law. The burden of proof of  
19 actual damages caused by the tenant to the leasehold premises  
20 shall be on the landlord.

21 (d) Any attempted waiver of this section by a tenant by  
22 contract or otherwise shall be void and unenforceable.

23 (e) Failure of the tenant to provide the landlord with his  
24 new address in writing upon termination of the lease or upon  
25 surrender and acceptance of the leasehold premises shall relieve  
26 the landlord from any liability under this section.

27 (f) This section shall apply only to residential leaseholds  
28 and not to commercial leaseholds.

29 Section 2. This act shall apply to leases entered into,  
30 renewed or amended on and after the effective date of this

1 section.

2 Section 3. This act shall take effect in 60 days.