



General Assembly

January Session, 2011

Raised Bill No. 1077

LCO No. 3712

03712_____BA_

Referred to Committee on Banks

Introduced by:

(BA)

AN ACT CONCERNING MARKET INTEREST RATES ON CERTAIN DEPOSIT ACCOUNTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (1) of subsection (i) of section 47a-21 of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2011*):

4 (i) (1) On and after July 1, 1993, each landlord other than a landlord
5 of a residential unit in any building owned or controlled by any
6 educational institution and used by such institution for the purpose of
7 housing students of such institution and their families, and each
8 landlord or owner of a mobile manufactured home or of a mobile
9 manufactured home space or lot or park, as such terms are defined in
10 subdivisions (1), (2) and (3) of section 21-64, shall pay interest on each
11 security deposit received by him at a rate of not less than the average
12 rate paid, as of December 30, 1992, on savings deposits by insured
13 commercial banks as published in the Federal Reserve Board Bulletin
14 rounded to the nearest one-tenth of one percentage point. [except in
15 no event shall the rate be less than one and one-half per cent.] On and
16 after January 1, 1994, the rate for each calendar year shall be not less

17 than the deposit index, as defined in subdivision (2) of this subsection,
18 for that year. [, except in no event shall the rate be less than one and
19 one-half per cent.] On the anniversary date of the tenancy and
20 annually thereafter, such interest shall be paid to the tenant or resident
21 or credited toward the next rental payment due from the tenant or
22 resident, as the landlord or owner shall determine. If the tenancy is
23 terminated before the anniversary date of such tenancy, or if the
24 landlord or owner returns all or part of a security deposit prior to
25 termination of the tenancy, the landlord or owner shall pay the
26 accrued interest to the tenant or resident within thirty days of such
27 termination or return. In any case where a tenant or resident has been
28 delinquent for more than ten days in the payment of any monthly rent,
29 he shall forfeit any interest which would otherwise be payable to him
30 for that month, except that there shall be no such forfeiture if, pursuant
31 to a provision of the rental agreement, a late charge is imposed for
32 failure to pay such rent within the time period provided by section
33 47a-15a. No landlord or owner shall increase the rent due on any
34 quarters or property subject to the provisions of this section because of
35 the requirement that interest be paid on any security deposit made
36 with respect to such quarters or property.

37 Sec. 2. Subsection (a) of section 49-2a of the general statutes is
38 repealed and the following is substituted in lieu thereof (*Effective*
39 *October 1, 2011*):

40 (a) On and after July 1, 1993, each state bank and trust company,
41 national banking association, state or federally chartered savings and
42 loan association, savings bank, insurance company and other
43 mortgagee or mortgage servicing company holding funds of a
44 mortgagor in escrow for the payment of taxes and insurance premiums
45 with respect to mortgaged property located in this state shall pay
46 interest on such funds, except as provided in section 49-2c, at a rate of
47 not less than the average rate paid, as of December 30, 1992, on savings
48 deposits by insured commercial banks as published in the Federal
49 Reserve Board Bulletin and rounded to the nearest one-tenth of one

50 percentage point. [, except in no event shall the rate be less than one
 51 and one-half per cent.] On and after January 1, 1994, the rate for each
 52 calendar year shall be not less than the deposit index as defined in
 53 subsection (c) of this section for that year and rounded to the nearest
 54 one-tenth of one percentage point. [, except in no event shall the rate be
 55 less than one and one-half per cent.] Interest payments shall be
 56 credited on the thirty-first day of December annually toward the
 57 payment of taxes or insurance premiums as the case may be, on such
 58 mortgaged property in the ensuing year. If the mortgage debt is paid
 59 prior to December thirty-first in any year, the interest to the date of
 60 payment shall be paid to the mortgagor. The provisions of this section
 61 shall apply only with respect to mortgages on owner-occupied
 62 residential property consisting of not more than four living units and
 63 housing cooperatives occupied solely by the shareholders thereof. Any
 64 mortgagee or mortgage servicing company violating the provisions of
 65 this section shall be fined not more than one hundred dollars for each
 66 offense.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2011</i>	47a-21(i)(1)
Sec. 2	<i>October 1, 2011</i>	49-2a(a)

Statement of Purpose:

To restore market interest rates on tenant security deposit accounts and tax and insurance escrow accounts by removing state mandated price controls.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]