



General Assembly

**Substitute Bill No. 926**

January Session, 2019



**AN ACT ALLOWING LANDLORDS TO ACCEPT CERTAIN ADVANCE RENTAL PAYMENTS.**

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

1 Section 1. Section 47a-21 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2019*):

3 (a) As used in this chapter:

4 (1) "Accrued interest" means the interest due on a security deposit  
5 as provided in subsection (i) of this section, compounded annually to  
6 the extent applicable.

7 (2) "Commissioner" means the Banking Commissioner.

8 (3) "Escrow account" means any account at a financial institution  
9 which is not subject to execution by the creditors of the escrow agent  
10 and includes a clients' funds account.

11 (4) "Escrow agent" means the person in whose name an escrow  
12 account is maintained.

13 (5) "Financial institution" means any state bank and trust company,  
14 national bank, savings bank, federal savings bank, savings and loan  
15 association, and federal savings and loan association that is located in  
16 this state.

17 (6) "Forwarding address" means the address to which (A) a security  
18 deposit may be mailed for delivery to a former tenant, or (B) a rent  
19 assistance payment may be mailed for delivery to a rent assistance  
20 program.

21 (7) "Landlord" means any landlord of residential real property, and  
22 includes (A) any receiver; (B) any successor; and (C) any tenant who  
23 sublets his premises.

24 (8) "Receiver" means any person who is appointed or authorized by  
25 any state, federal or probate court to receive rents from tenants, and  
26 includes trustees, executors, administrators, guardians, conservators,  
27 receivers, and receivers of rent.

28 (9) "Rent assistance payment" means an advance rental payment  
29 made directly to a landlord on behalf of a tenant by a rent assistance  
30 program.

31 (10) "Rent assistance program" means a local, county, state, federal  
32 or nonprofit program or organization that makes advance rental  
33 payments directly to a landlord on behalf of a tenant.

34 [(9)] (11) "Rent receiver" means a receiver who lacks court  
35 authorization to return security deposits and to inspect the premises of  
36 tenants and former tenants.

37 [(10)] (12) "Residential real property" means real property  
38 containing one or more residential units, including residential units  
39 not owned by the landlord, and containing one or more tenants who  
40 paid a security deposit.

41 [(11)] (13) "Security deposit" means any advance rental payment, or  
42 any installment payment collected pursuant to section 47a-22a, except  
43 (A) a rent assistance payment, (B) an advance payment for the first  
44 month's rent, or (C) a deposit for a key or any special equipment.

45 [(12)] (14) "Successor" means any person who succeeds to a

46 landlord's interest whether by purchase, foreclosure or otherwise and  
47 includes a receiver.

48 [(13)] (15) "Tenant" means a tenant, as defined in section 47a-1, or a  
49 resident, as defined in section 21-64.

50 [(14)] (16) "Tenant's obligations" means (A) the amount of any rental  
51 or utility payment due the landlord from a tenant; and (B) a tenant's  
52 obligations under the provisions of section 47a-11.

53 (b) (1) In the case of a tenant under sixty-two years of age, a  
54 landlord shall not demand a security deposit in an amount that  
55 exceeds two months' rent.

56 (2) In the case of a tenant sixty-two years of age or older, a landlord  
57 shall not demand a security deposit in an amount that exceeds one  
58 month's rent. Any landlord who has received a security deposit in an  
59 amount that exceeds one month's rent from a tenant who becomes  
60 sixty-two years of age after paying such security deposit shall return  
61 the portion of such security deposit that exceeds one month's rent to  
62 the tenant upon the tenant's request.

63 (3) A landlord may receive and accept rent assistance payments for  
64 one or more month's rent, not to exceed the total amount of rental  
65 payments due to the landlord under the remainder of a tenant's lease.

66 (c) Any security deposit paid by a tenant and any rent assistance  
67 payment paid by a rent assistance program shall remain the property  
68 of such tenant or rent assistance program, as the case may be, in which  
69 the landlord shall have a security interest, as defined in subdivision  
70 (35) of subsection (b) of section 42a-1-201, to secure such tenant's  
71 obligations. A security deposit or rent assistance payment shall be  
72 exempt from attachment and execution by the creditors of the landlord  
73 and shall not be considered part of the estate of the landlord in any  
74 legal proceeding. Any voluntary or involuntary transfer of a landlord's  
75 interest in residential real property to a successor shall constitute an  
76 assignment to such successor of such landlord's security interest in all

77 security deposits and rent assistance payments paid by or on behalf of  
78 tenants of such transferred residential real property.

79 (d) (1) Not later than the time specified in subdivision (2) of this  
80 subsection, the person who is the landlord at the time a tenancy is  
81 terminated, other than a rent receiver, shall (A) pay to the tenant [or  
82 former tenant: (A) The] (i) the amount of any security deposit that was  
83 deposited by the tenant with the person who was landlord at the time  
84 such security deposit was deposited less the value of any damages that  
85 any person who was a landlord of such premises at any time during  
86 the tenancy of such tenant has suffered as a result of such tenant's  
87 failure to comply with such tenant's obligations; and [(B)] (ii) any  
88 accrued interest; and (B) pay to the rent assistance program (i) the  
89 amount of any rent assistance payments paid by the rent assistance  
90 program to the person who was landlord at the time such payment  
91 was made less any monthly rental payments disbursed to the landlord  
92 pursuant to subparagraph (H) of subdivision (2) of subsection (h) of  
93 this section; and (ii) any accrued interest. If the landlord at the time of  
94 termination of a tenancy is a rent receiver, such rent receiver shall  
95 return security deposits and rent assistance payments in accordance  
96 with the provisions of subdivision (3) of this subsection.

97 (2) Upon termination of a tenancy, any tenant or rent assistance  
98 program may notify the landlord in writing of such [tenant's] tenant or  
99 rent assistance program's forwarding address. Not later than thirty  
100 days after termination of a tenancy or fifteen days after receiving  
101 written notification of such [tenant's] tenant or rent assistance  
102 program's forwarding address, whichever is later, each landlord other  
103 than a rent receiver shall, as applicable (A) deliver to the tenant [or  
104 former tenant] at such tenant's forwarding address [either (A) the full  
105 amount of the security deposit paid by such tenant plus accrued  
106 interest, or (B)] the balance of [such] the security deposit paid by such  
107 tenant and accrued interest after deduction for any damages suffered  
108 by such landlord by reason of such tenant's failure to comply with  
109 such tenant's obligations, together with a written statement itemizing

110 the nature and amount of such damages, and (B) deliver to the rent  
111 assistance program at such rent assistance program's forwarding  
112 address the balance of any rent assistance payments paid by such rent  
113 assistance program and accrued interest after deduction of any  
114 monthly rental payments disbursed to the landlord pursuant  
115 subparagraph (H) of subdivision (2) of subsection (h) of this section.  
116 Any landlord who violates any provision of this subsection with  
117 respect to a security deposit shall be liable to the tenant for twice the  
118 amount of any security deposit paid by such tenant and any landlord  
119 who violates any provision of this subsection with respect to a rent  
120 assistance payment shall be liable to the rent assistance program for  
121 twice the amount of any rent assistance payment paid by such rent  
122 assistance program, except that, if the only violation of this subsection  
123 is the failure to deliver the accrued interest to the tenant or rent  
124 assistance program, such landlord shall be liable for ten dollars or  
125 twice the amount of the accrued interest, whichever is greater.

126 (3) (A) Any receiver who is authorized by a court to return security  
127 deposits and rent assistance payments, and to inspect the premises of  
128 any tenant shall pay security deposits, rent assistance payments and  
129 accrued interest in accordance with the provisions of subdivisions (1)  
130 and (2) of this subsection from the operating income of such  
131 receivership to the extent that any such payments exceed the amount  
132 in any escrow accounts for such tenants or rent assistance programs.  
133 (B) Any rent receiver shall present any claim by any tenant for return  
134 of a security deposit and any claim by any rent assistance program for  
135 return of a rent assistance payment to the court which authorized the  
136 rent receiver. Such court shall determine the validity of any such claim  
137 and shall direct such rent receiver to pay from the escrow account or  
138 from the operating income of such property the amount due such  
139 tenant or rent assistance program as determined by such court.

140 (e) A successor, other than a receiver, shall be liable for [the] claims  
141 [of] by tenants [of such property] and rent assistance programs for the  
142 return of any part of [such] a security deposit or rent assistance

143 payment which is or becomes due to such tenant or rent assistance  
144 program during the time such successor is a landlord. A receiver's  
145 liability for payment of security deposits, rent assistance payments and  
146 interest under this section shall be limited to the balance in any escrow  
147 account for such tenants or rent assistance programs maintained by  
148 such receiver in such receivership in accordance with subsection (h) of  
149 this section and to the operating income generated in such  
150 receivership.

151 (f) Any landlord who is not a resident of this state shall appoint in  
152 writing the Secretary of the State as the landlord's attorney upon  
153 whom all process in any action or proceeding against such landlord  
154 may be served.

155 (g) Any person may bring an action in replevin or for money  
156 damages in any court of competent jurisdiction to reclaim any part of  
157 such person's security deposit or rent assistance payment which may  
158 be due. This section does not preclude the landlord, rent assistance  
159 program or tenant from recovering other damages to which the  
160 landlord, rent assistance program or tenant may be entitled.

161 (h) (1) Each landlord shall immediately deposit the entire amount of  
162 (A) any security deposit received by such landlord from each tenant,  
163 and (B) any rent assistance payment received by such landlord from  
164 each rent assistance program into one or more escrow accounts  
165 established or maintained in a financial institution for the benefit of  
166 each tenant and each rent assistance program. Each landlord shall  
167 maintain each such account as escrow agent and shall not withdraw  
168 funds from such account except as provided in subdivision (2) of this  
169 subsection.

170 (2) The escrow agent may withdraw funds from an escrow account  
171 to: (A) Disburse pursuant to subsection (d) of this section the amount  
172 of any (i) security deposit and accrued interest due to a tenant,  
173 [pursuant to subsection (d) of this section] or (ii) rent assistance  
174 payment and accrued interest due to a rent assistance program; (B)

175 disburse interest to a tenant or rent assistance program pursuant to  
176 subsection (i) of this section; (C) make a transfer of the entire amount  
177 of certain security deposits and rent assistance payments pursuant to  
178 subdivision (3) of this subsection; (D) retain interest credited to the  
179 account in excess of the amount of interest payable to the tenant or rent  
180 assistance program under subsection (i) of this section; (E) retain all or  
181 any part of a security deposit and accrued interest after termination of  
182 tenancy equal to the damages suffered by the landlord by reason of the  
183 tenant's failure to comply with such tenant's obligations; (F) disburse  
184 at any time during tenancy all or any part of the security deposit to a  
185 tenant [at any time during tenancy;] or all or any part of a rent  
186 assistance payment to the rent assistance program; (G) transfer such  
187 funds to another financial institution or escrow account, provided such  
188 funds remain continuously in an escrow account; or (H) disburse  
189 monthly rental payments to the landlord, as such payments become  
190 due under the terms of the tenant's lease, from a rent assistance  
191 payment received pursuant to subdivision (3) of subsection (b) of this  
192 section.

193 (3) (A) Whenever any real estate is voluntarily or involuntarily  
194 transferred from a landlord, other than a receiver, to a successor,  
195 including a receiver, such landlord shall withdraw from the escrow  
196 account and deliver to the successor the entire amount of security  
197 deposits and rent assistance payments paid by or on behalf of tenants  
198 of the property being transferred, plus any interest accrued pursuant  
199 to subsection (i) of this section. If at the time of transfer of such real  
200 estate the funds in such account are commingled with security  
201 deposits or rent assistance payments paid by or on behalf of tenants in  
202 real estate not being transferred to such successor, and if at such time  
203 the funds in such account are less than the amount of (i) security  
204 deposits paid by all tenants whose security deposits are contained in  
205 such account, and (ii) rent assistance payments paid by all rent  
206 assistance programs whose rent assistance payments are contained in  
207 such account, such landlord shall deliver to such successor a pro rata  
208 share of security deposits and rent assistance payments paid by or on

209 behalf of tenants of the real estate being transferred to such successor.

210 (B) Whenever any real estate is transferred from a receiver to a  
211 successor, such receiver shall dispose of the escrow accounts as  
212 ordered by the court which appointed such receiver. The order of such  
213 court shall provide for the priority of the present and future rights of  
214 tenants and rent assistance programs to security deposits and rent  
215 assistance payments paid by [them] such tenants or rent assistance  
216 programs over the rights of any secured or unsecured creditor of any  
217 person and shall provide that the funds in such [account] escrow  
218 accounts shall be delivered to the successor of such receiver for  
219 immediate deposit in (i) an escrow account for tenants who paid  
220 security deposits, and (ii) an escrow account for rent assistance  
221 programs that paid a rent assistance payment on behalf of a tenant.

222 (4) (A) The landlord shall provide each tenant with a written notice  
223 stating the amount held for the benefit of the tenant and the name and  
224 address of the financial institution at which the tenant's security  
225 deposit is being held not later than thirty days after the landlord  
226 receives a security deposit from the tenant or the tenant's previous  
227 landlord or transfers the security deposit to another financial  
228 institution or escrow account. The landlord shall provide each rent  
229 assistance program with a written notice stating the amount of any  
230 rent assistance payments being held for the benefit of the tenant and  
231 the name and address of the financial institution at which any such  
232 payments are being held not later than thirty days after the landlord  
233 receives a rent assistance payment from the rent assistance program or  
234 the tenant's previous landlord or transfers the rent assistance payment  
235 to another financial institution or escrow account.

236 (B) If the commissioner makes a written request to the landlord for  
237 any information related to a [tenant's] security deposit or rent  
238 assistance payment, including the name of each financial institution in  
239 which any escrow account is maintained and the account number of  
240 each escrow account, the landlord shall provide such information to  
241 the commissioner not later than seven days after the request is made.



242 (i) On and after July 1, 1993, each landlord other than a landlord of a  
243 residential unit in any building owned or controlled by any  
244 educational institution and used by such institution for the purpose of  
245 housing students of such institution and their families, and each  
246 landlord or owner of a mobile manufactured home or of a mobile  
247 manufactured home space or lot or park, as such terms are defined in  
248 subdivisions (1), (2) and (3) of section 21-64, shall pay interest on each  
249 security deposit or rent assistance payment received by such landlord  
250 at a rate of not less than the average rate paid, as of December 30, 1992,  
251 on savings deposits by insured commercial banks as published in the  
252 Federal Reserve Board Bulletin rounded to the nearest one-tenth of one  
253 percentage point, except in no event shall the rate be less than one and  
254 one-half per cent. On and after January 1, 1994, the rate for each  
255 calendar year shall be not less than the deposit index, determined  
256 under this section as it was in effect during such year. On and after  
257 January 1, 2012, the rate for each calendar year shall be not less than  
258 the deposit index, as defined in section 36a-26, for that year. On the  
259 anniversary date of the tenancy and annually thereafter, [such] interest  
260 on a security deposit shall be paid to the tenant or resident or credited  
261 toward the next rental payment due from the tenant or resident, as the  
262 landlord or owner shall determine, and interest on a rent assistance  
263 payment shall be paid to the rent assistance program or credited  
264 toward the next rental payment due from the tenant or resident, as the  
265 landlord or owner shall determine, unless the rent assistance program  
266 requires otherwise. If the tenancy is terminated before the anniversary  
267 date of such tenancy, or if the landlord or owner returns all or part of a  
268 security deposit or a rent assistance payment prior to termination of  
269 the tenancy, the landlord or owner shall, not later than thirty days after  
270 such termination or return, pay the accrued interest on a security  
271 deposit to the tenant or resident [not later than thirty days after such  
272 termination or return] and the accrued interest on a rent assistance  
273 payment to the rent assistance program. Interest shall not be paid to a  
274 tenant or rent assistance program for any month in which the tenant  
275 has been delinquent for more than ten days in the payment of any  
276 monthly rent, unless the landlord imposes a late charge for such

277 delinquency. No landlord shall increase the rent due from a tenant  
278 because of the requirement that the landlord pay on interest the  
279 security deposit. A landlord that timely receives a rent assistance  
280 payment in the full amount of one or more month's rent shall be  
281 deemed to have received a monthly rental payment from the tenant for  
282 the month or months such rent assistance payment is intended by the  
283 rent assistance program to cover. The tenant shall not be considered  
284 delinquent or in default and the landlord shall not impose a late charge  
285 or bring an action to recover rent or evict the tenant for the tenant's  
286 nonpayment of rent for any such month.

287 (j) (1) Except as provided in subdivision (2) of this subsection, the  
288 commissioner may receive and investigate complaints regarding any  
289 alleged violation of subsections (b), (d), (h) or (i) of this section. For the  
290 purposes of such investigation, any person who is or was a landlord  
291 shall be subject to the provisions of section 36a-17. If the commissioner  
292 determines that any landlord has violated any provision of this section  
293 over which the commissioner has jurisdiction, the commissioner may,  
294 in accordance with section 36a-52, order such person to cease and  
295 desist from such practices and to comply with the provisions of this  
296 section.

297 (2) The commissioner shall not have jurisdiction over (A) the failure  
298 of a landlord to pay interest to a tenant or rent assistance program  
299 annually under subsection (i) of this section, or (B) the refusal or other  
300 failure of the landlord to return all or part of the security deposit if  
301 such failure results from the landlord's good faith claim that such  
302 landlord has suffered damages as a result of a tenant's failure to  
303 comply with such tenant's obligations, regardless of whether the  
304 existence or amount of the alleged damages is disputed by the tenant.  
305 For purposes of this section, "good faith claim" means a claim for  
306 actual damages suffered by the landlord for which written notification  
307 of such damages has been provided to the tenant in accordance with  
308 the provisions of subdivision (2) of subsection (d) of this section.

309 (3) The commissioner may adopt regulations, in accordance with

310 chapter 54, to carry out the purposes of this section.

311 (k) (1) Any person who is a landlord at the time of termination of a  
312 tenancy and who knowingly and wilfully fails to pay all or any part of  
313 a security deposit or rent assistance payment when due shall be subject  
314 to a fine of not more than two hundred fifty dollars for each offense,  
315 provided it shall be an affirmative defense under this subdivision that  
316 [such] the landlord's failure to return all or any part of a security  
317 deposit was caused by such landlord's good faith belief that [he] the  
318 landlord was entitled to deduct the value of damages [he] the landlord  
319 has suffered as a result of such tenant's failure to comply with such  
320 tenant's obligations.

321 (2) Any person who knowingly and wilfully violates the provisions  
322 of subsection (h) of this section on or after October 1, 1979, shall be  
323 subject to a fine of not more than five hundred dollars or  
324 imprisonment of not more than thirty days or both for each offense. It  
325 shall be an affirmative defense under the provisions of this subdivision  
326 that at the time of the offense, such person leased residential real  
327 property to fewer than four tenants who paid a security deposit.

328 (3) Any person who is a landlord at the time an interest payment is  
329 due under the provisions of subsection (i) of this section and who  
330 knowingly and wilfully violates the provisions of such subsection shall  
331 be subject to a fine of not more than one hundred dollars for each  
332 offense.

333 (4) No financial institution shall be liable for any violation of this  
334 section except for any violation in its capacity as a landlord.

335 (l) Nothing in this section shall be construed as a limitation upon: (1)  
336 The power or authority of the state, the Attorney General or the  
337 commissioner to seek administrative, legal or equitable relief  
338 permitted by the general statutes or at common law; or (2) the right of  
339 any tenant to bring a civil action permitted by the general statutes or at  
340 common law.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2019	47a-21

**Statement of Legislative Commissioners:**

In Section 1 (b)(3), "including rent assistance payments up to" was changed to "not to exceed" for clarity and conciseness, and in Section 1 (d)(2), "tenant at such forwarding address" was changed to "tenant at such tenant's forwarding address" and "rent assistance program at such forwarding address" was changed to "rent assistance program at such rent assistance program's forwarding address" for clarity.

**BA**      *Joint Favorable Subst.*