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 Section 47a-21 of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2019):

(a) As used in this chapter:

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

(2) "Commissioner" means the Banking Commissioner.

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

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

(5) "Financial institution" means any state bank and trust company, national bank, savings bank, federal savings bank, savings and loan association, and federal savings and loan association that is located in this state.
(6) "Forwarding address" means the address to which (A) a security deposit may be mailed for delivery to a former tenant, and (B) a rent assistance payment may be mailed for delivery to a rent assistance program.

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

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

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

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

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

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

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

[(12)] (14) "Successor" means any person who succeeds to a
landlord's interest whether by purchase, foreclosure or otherwise and includes a receiver.

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

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

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

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

(3) A landlord may receive and accept rent assistance payments for one or more month's rent, including rent assistance payments up to the total amount of rental payments due to the landlord under the remainder of a tenant's lease.

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

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

(2) Upon termination of a tenancy, any tenant or rent assistance
program may notify the landlord in writing of such [tenant's] tenant or
rent assistance program's forwarding address. Not later than thirty
days after termination of a tenancy or fifteen days after receiving
written notification of such [tenant's] tenant or rent assistance
program's forwarding address, whichever is later, each landlord other
than a rent receiver shall, as applicable (A) deliver to the tenant [or
former tenant] at such forwarding address [either (A) the full amount
of the security deposit paid by such tenant plus accrued interest, or
(B)] the balance of [such] the security deposit paid by such tenant and
accrued interest after deduction for any damages suffered by such
landlord by reason of such tenant's failure to comply with such
tenant's obligations, together with a written statement itemizing the
nature and amount of such damages, and (B) deliver to the rent
assistance program at such forwarding address the balance of any rent
assistance payments paid by such rent assistance program and accrued
interest after deduction of any monthly rental payments disbursed to
the landlord pursuant subparagraph (H) of subdivision (2) of
subsection (h) of this section. Any landlord who violates any provision
of this subsection with respect to a security deposit shall be liable to
the tenant for twice the amount of any security deposit paid by such
tenant and any landlord who violates any provision of this subsection
with respect to a rent assistance payment shall be liable to the rent
assistance program for twice the amount of any rent assistance
payment paid by such rent assistance program, except that, if the only
violation of this subsection is the failure to deliver the accrued interest
to the tenant or rent assistance program, such landlord shall be liable
for ten dollars or twice the amount of the accrued interest, whichever
is greater.

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

(e) A successor, other than a receiver, shall be liable for [the] claims
(of) by tenants [of such property] and rent assistance programs for the
return of any part of [such] a security deposit or rent assistance
payment which is or becomes due to such tenant or rent assistance
program during the time such successor is a landlord. A receiver's
liability for payment of security deposits, rent assistance payments and
interest under this section shall be limited to the balance in any escrow
account for such tenants or rent assistance programs maintained by
such receiver in such receivership in accordance with subsection (h) of
this section and to the operating income generated in such
receivership.

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

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

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

(2) The escrow agent may withdraw funds from an escrow account
to: (A) Disburse pursuant to subsection (d) of this section the amount
of any (i) security deposit and accrued interest due to a tenant,
[pursuant to subsection (d) of this section] and (ii) rent assistance
payment and accrued interest due to a rent assistance program; (B)
disburse interest to a tenant or rent assistance program pursuant to
subsection (i) of this section; (C) make a transfer of the entire amount
certain security deposits and rent assistance payments pursuant to
subdivision (3) of this subsection; (D) retain interest credited to the
account in excess of the amount of interest payable to the tenant or rent
assistance program under subsection (i) of this section; (E) retain all or
any part of a security deposit and accrued interest after termination of
tenancy equal to the damages suffered by the landlord by reason of the
tenant's failure to comply with such tenant's obligations; (F) disburse
at any time during tenancy all or any part of the security deposit to a
tenant [at any time during tenancy; or] and all or any part of a rent
assistance payment to the rent assistance program; (G) transfer such
funds to another financial institution or escrow account, provided such
funds remain continuously in an escrow account; or (H) disburse
monthly rental payments to the landlord, as such payments become
due under the terms of the tenant's lease, from a rent assistance
payment received pursuant to subdivision (3) of subsection (b) of this
section.

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

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

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

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

(i) On and after July 1, 1993, each landlord other than a landlord of a residential unit in any building owned or controlled by any educational institution and used by such institution for the purpose of housing students of such institution and their families, and each landlord or owner of a mobile manufactured home or of a mobile manufactured home space or lot or park, as such terms are defined in subdivisions (1), (2) and (3) of section 21-64, shall pay interest on each security deposit or rent assistance payment received by such landlord at a rate of not less than the average rate paid, as of December 30, 1992, on savings deposits by insured commercial banks as published in the Federal Reserve Board Bulletin rounded to the nearest one-tenth of one percentage point, except in no event shall the rate be less than one and one-half per cent. On and after January 1, 1994, the rate for each calendar year shall be not less than the deposit index, determined under this section as it was in effect during such year. On and after January 1, 2012, the rate for each calendar year shall be not less than the deposit index, as defined in section 36a-26, for that year. On the anniversary date of the tenancy and annually thereafter, [such] interest on a security deposit shall be paid to the tenant or resident or credited toward the next rental payment due from the tenant or resident, as the landlord or owner shall determine, and interest on a rent assistance payment shall be paid to the rent assistance program or credited toward the next rental payment due from the tenant or resident, as the landlord or owner shall determine, unless the rent assistance program requires otherwise. If the tenancy is terminated before the anniversary date of such tenancy, or if the landlord or owner returns all or part of a security deposit or a rent assistance payment prior to termination of the tenancy, the landlord or owner shall, not later than thirty days after such termination or return, pay the accrued interest on a security deposit to the tenant or resident [not later than thirty days after such termination or return] and the accrued interest on a rent assistance
payment to the rent assistance program. Interest shall not be paid to a tenant or rent assistance program for any month in which the tenant has been delinquent for more than ten days in the payment of any monthly rent, unless the landlord imposes a late charge for such delinquency. No landlord shall increase the rent due from a tenant because of the requirement that the landlord pay on interest the security deposit. A landlord that timely receives a rent assistance payment in the full amount of one or more month's rent shall be deemed to have received a monthly rental payment from the tenant for the month or months such rent assistance payment is intended by the rent assistance program to cover. The tenant shall not be considered delinquent or in default and the landlord shall not impose a late charge or bring an action to recover rent or evict the tenant for the tenant's nonpayment of rent for any such month.

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

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

(3) The commissioner may adopt regulations, in accordance with
chapter 54, to carry out the purposes of this section.

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

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

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

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

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

This act shall take effect as follows and shall amend the following sections:

| Section 1 | October 1, 2019 | 47a-21 |