

HOUSE BILL NO. 767

INTRODUCED BY MEASURE, HARP, WHALEN, YELLOWTAIL, ECK

IN THE HOUSE

FEBRUARY 12, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON JUDICIARY.

FIRST READING.

FEBRUARY 21, 1991 ON MOTION, REPRESENTATIVE LEE
REMOVED AS COSPONSOR.

FEBRUARY 22, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 23, 1991 PRINTING REPORT.

FEBRUARY 25, 1991 SECOND READING, DO PASS AS AMENDED.
AYES, 50; NOES, 50. MOTION FAILED.

ON MOTION, SEGREGATED FROM COMMITTEE
OF THE WHOLE REPORT AND PLACED ON
SECOND READING NEXT LEGISLATIVE DAY.

FEBRUARY 26, 1991 SECOND READING, DO PASS AS AMENDED.

ENGROSSING REPORT.

FEBRUARY 27, 1991 THIRD READING, PASSED.
AYES, 66; NOES, 34.

TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 4, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON BUSINESS & INDUSTRY.

FIRST READING.

MARCH 19, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

MARCH 22, 1991 SECOND READING, CONCURRED IN.

MARCH 23, 1991 THIRD READING, CONCURRED IN.
AYES, 47; NOES, 0.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 9, 1991

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 10, 1991

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 HOUSE BILL NO. 767
 2 INTRODUCED BY Algonquin IAPP Whalen Fee
 3 Yellowtail Ek

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND
 5 AMEND THE LAW GOVERNING RESIDENTIAL TENANTS' SECURITY
 6 DEPOSITS; PROVIDING FOR THE ACCUMULATION AND PAYMENT OF
 7 INTEREST ON SECURITY DEPOSITS; PROVIDING FOR TIMELY SECURITY
 8 DEPOSIT REFUNDS; AMENDING SECTIONS 70-25-101, 70-25-201,
 9 70-25-202, 70-25-204, AND 70-25-206, MCA; AND PROVIDING AN
 10 APPLICABILITY DATE."

11
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **Section 1.** Section 70-25-101, MCA, is amended to read:

14 "70-25-101. **Definitions.** As used in this chapter, the
 15 following definitions apply:

16 (1) "Cleaning expenses" means the actual and necessary
 17 cost of cleaning done by an owner or his selected
 18 representative for cleaning needs not attributable to normal
 19 wear brought about by the tenant's failure to bring the
 20 premises to the condition it was at the time of renting.

21 (2) "Damage" means any and all tangible loss, injury,
 22 or deterioration of a leasehold premises caused by the
 23 willful or accidental acts of the tenant occupying same or
 24 by the tenant's family, licensees, or invitees, as well as
 25 any and all tangible loss, injury, or deterioration

1 resulting from the tenant's omissions or failure to perform
 2 any duty imposed upon the tenant by law with respect to the
 3 leasehold.

4 (3) "Leasehold premises" means the premises occupied by
 5 the tenant together with all common areas, recreational
 6 facilities, parking areas, and storage facilities to which
 7 the tenant has access, as well as all personal property
 8 owned or controlled by the landlord the use of which is
 9 permitted to the tenant.

10 (4) "Security deposit" means value given, in money or
 11 its equivalent and accrued interest or its equivalent, to
 12 secure the payment of rent by the tenant under a leasehold
 13 agreement or to secure payment for damage to and cleaning of
 14 the leasehold premises. If a leasehold agreement or an
 15 agreement incident thereto requires the tenant or
 16 prospective tenant to provide or maintain in effect any
 17 deposit to the landlord for part or all of the term of the
 18 leasehold agreement, the deposit shall be presumed to be a
 19 security deposit. A nonrefundable fee or charge for cleaning
 20 and damages, no matter how designated, is presumed to be a
 21 security deposit."

22 **Section 2.** Section 70-25-201, MCA, is amended to read:

23 "70-25-201. Security deposit -- deductions authorized
 24 therefrom. (1) Any landlord renting property covered by this
 25 chapter may deduct from the security deposit a sum equal to



1 the damage alleged to have been caused by the tenant,
2 together with a sum equal to the unpaid rent owing to the
3 landlord at the time of such deduction, including rent owed
4 under 70-24-441(3), and a sum for actual cleaning expenses.

5 (2) At the request of either party, the premises may be
6 inspected within 1 week prior to termination of the tenancy.

7 ~~(2)~~(3) No cleaning charges may be imposed for normal
8 maintenance performed on a cyclical basis by the landlord as
9 noted by the landlord at the time the tenant occupies the
10 space unless the landlord is forced to perform this
11 maintenance because of negligence of the tenant.
12 Additionally, no cleaning charges may be deducted until
13 written notice has been given to the tenant. The notice
14 shall include the cleaning not accomplished by the tenant
15 and the additional and type or types of cleaning which need
16 to be done by the tenant to bring the premises back to its
17 condition at the time of its renting. After the delivery of
18 the notice, the tenant has 48 hours to complete the required
19 cleaning.

20 ~~(3)~~(4) No person may deduct or withhold from the
21 security deposit any amount for purposes other than those
22 set forth in this section."

23 **Section 3.** Section 70-25-202, MCA, is amended to read:

24 "70-25-202. List of damages and refund -- delivery to
25 departing tenant. (1) Every landlord, within 30 days

1 subsequent to the termination of a tenancy or within 30 days
2 subsequent to a surrender and acceptance of the leasehold
3 premises, whichever occurs first, shall provide the
4 departing tenant with a written list of any rent due and any
5 damage and cleaning charges, brought after the provisions of
6 70-25-201 have been followed, to the leasehold premises
7 which that the landlord alleges ~~is~~ are the responsibility of
8 the tenant. Delivery of such list shall be accompanied by
9 payment of the difference, if any, between the security
10 deposit and the permitted charges set forth in 70-25-201.
11 Delivery shall be accomplished by mailing the list and
12 refund to the tenant's last-known address or the new address
13 provided by the tenant.

14 (2) If after inspection there are no damages to the
15 premises, no cleaning required, and no rent unpaid and if
16 the tenant can demonstrate that no utilities are unpaid by
17 the tenant, the landlord shall return the security deposit
18 and any interest due under [section 6] within 7 days."

19 **Section 4.** Section 70-25-204, MCA, is amended to read:

20 "70-25-204. Wrongful withholding of security deposit --
21 action. (1) Any person who wrongfully withholds a
22 residential property security deposit or any portion thereof
23 shall be liable in damages to the tenant in a civil action
24 for an amount equal to double the sum determined to have
25 been wrongfully withheld or deducted. The attorney's fees

1 may be awarded the prevailing party at the discretion of the
2 court. The burden of proof of damages caused by the tenant
3 to the leasehold premises shall be on the landlord.

4 (2) No action may be maintained by a tenant for any
5 amount wrongfully withheld or deducted prior to:

6 (a) the tenant's receipt from the landlord or his agent
7 of a written denial of the sum alleged to be wrongfully
8 detained;

9 (b) the expiration of a 30-day period after the
10 termination of a tenancy; or

11 (c) the expiration of a 30-day period after surrender
12 and acceptance of the leasehold premises, ~~whichever occurs~~
13 first; or

14 (d) the expiration of a 7-day period after the landlord
15 has indicated there were no damages to the premises, no
16 cleaning was required, no rent was unpaid, and no utilities
17 were unpaid by the tenant."

18 **Section 5.** Section 70-25-206, MCA, is amended to read:

19 "70-25-206. Landlord to furnish statement of condition
20 of premises at beginning of lease. (1) Any person engaged in
21 the rental of property for residential purposes who requires
22 a security deposit shall furnish to each prospective tenant,
23 prior to execution of a lease or creation of a tenancy, a
24 separate written statement as to the present condition of
25 the premises intended to be let, ~~as well as~~. At the written

1 request of the prospective tenant, a copy of the written
2 list of damage and cleaning charges, if any, provided to the
3 tenant of the immediately preceding leasehold agreement for
4 the premises in question must be provided to the prospective
5 tenant.

6 (2) Each written statement of the present condition of
7 a premises intended to be let shall contain at least the
8 following:

9 (a) a clear and concise statement of the present
10 condition of the premises known to the landlord or his agent
11 or which should have been known upon reasonable inspection;

12 (b) if the premises have never previously been let, a
13 statement indicating such fact;

14 (c) if any damage to the leasehold premises resulting
15 from the immediately preceding leasehold agreement has not
16 been restored, a statement indicating such fact and setting
17 forth such unrestored damage; and

18 (d) the signature of the landlord or his agent.

19 (3) Any person engaged in the rental of property for
20 residential purposes who fails to furnish a prospective
21 tenant, prior to the execution of the lease or creation of
22 the tenancy, with a separate written statement of the
23 present condition of the premises intended to be let and, if
24 any upon the written request of the prospective tenant, a
25 written list of damage and cleaning charges provided to the

1 tenant of the immediately preceding leasehold agreement
 2 shall be barred from recovering any sum for damage to or
 3 cleaning of the leasehold premises unless he can establish
 4 by clear and convincing evidence that the damage occurred
 5 during the tenancy in question and was caused by the tenant
 6 occupying the leasehold premises or the tenant's family,
 7 licensees, or invitees."

8 **NEW SECTION. Section 6. Interest on security deposit.**

9 (1) A person engaged in the rental of property who requires
 10 a security deposit shall pay interest on the security
 11 deposit from the date of receipt at an interest rate of 4% a
 12 year, simple interest, on any tenancy that exists for 6
 13 months or longer, payable through the last full month of the
 14 tenancy, if the payment of interest is \$5 or more.

15 (2) Interest accrued on a security deposit for a
 16 tenancy that exists for 6 months or longer becomes a part of
 17 the security deposit and is subject to the provisions of
 18 this chapter pertaining to deductions and returning of the
 19 security deposit.

20 (3) A requirement for the payment of interest is not
 21 imposed for a tenancy that does not exist for a period of 6
 22 months or more or when the payment of interest is less than
 23 \$5.

24 (4) At the option of the landlord, interest may be paid
 25 annually or left to accumulate as part of the security

1 deposit, provided that interest amounts may not be allowed
 2 to accumulate for more than 5 years.

3 **NEW SECTION. Section 7. Codification instruction.**

4 [Section 6] is intended to be codified as an integral part
 5 of Title 70, chapter 25, and the provisions of Title 70,
 6 chapter 25, apply to [section 6].

7 **NEW SECTION. Section 8. Applicability.** [This act]

8 applies to all tenancies in existence 30 days after [the
 9 effective date of this act], and interest begins to accrue
 10 on those tenancies 30 days after [the effective date of this
 11 act].

-End-

1 HOUSE BILL NO. 767
 2 INTRODUCED BY MEASURE, HARP, WHALEN, LEE, YELLOWTAIL, ECK
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND
 5 AMEND THE LAW GOVERNING RESIDENTIAL TENANTS' SECURITY
 6 DEPOSITS; PROVIDING FOR THE ACCUMULATION AND PAYMENT OF
 7 INTEREST ON SECURITY DEPOSITS; PROVIDING FOR TIMELY SECURITY
 8 DEPOSIT REFUNDS; AMENDING SECTIONS 70-25-101, 70-25-201,
 9 70-25-202, 70-25-204, AND 70-25-206, MCA; AND PROVIDING AN
 10 APPLICABILITY DATE."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **Section 1.** Section 70-25-101, MCA, is amended to read:

14 "70-25-101. **Definitions.** As used in this chapter, the
15 following definitions apply:

16 (1) "Cleaning expenses" means the actual and necessary
17 cost of cleaning done by an owner or his selected
18 representative for cleaning needs not attributable to normal
19 wear brought about by the tenant's failure to bring the
20 premises to the condition it was at the time of renting.

21 (2) "Damage" means any and all tangible loss, injury,
22 or deterioration of a leasehold premises caused by the
23 willful or accidental acts of the tenant occupying same or
24 by the tenant's family, licensees, or invitees, as well as
25 any and all tangible loss, injury, or deterioration

1 resulting from the tenant's omissions or failure to perform
2 any duty imposed upon the tenant by law with respect to the
3 leasehold.

4 (3) "Leasehold premises" means the premises occupied by
5 the tenant together with all common areas, recreational
6 facilities, parking areas, and storage facilities to which
7 the tenant has access, as well as all personal property
8 owned or controlled by the landlord the use of which is
9 permitted to the tenant.

10 (4) "Security deposit" means value given, in money or
11 its equivalent and accrued interest or its equivalent, to
12 secure the payment of rent by the tenant under a leasehold
13 agreement or to secure payment for damage to and cleaning of
14 the leasehold premises. If a leasehold agreement or an
15 agreement incident thereto requires the tenant or
16 prospective tenant to provide or maintain in effect any
17 deposit to the landlord for part or all of the term of the
18 leasehold agreement, the deposit shall be presumed to be a
19 security deposit. A nonrefundable fee or charge for cleaning
20 and damages, no matter how designated, is presumed to be a
21 security deposit."

22 **Section 2.** Section 70-25-201, MCA, is amended to read:

23 "70-25-201. **Security deposit -- deductions authorized**
24 **therefrom.** (1) Any landlord renting property covered by this
25 chapter may deduct from the security deposit a sum equal to

1 the damage alleged to have been caused by the tenant,
2 together with a sum equal to the unpaid rent owing to the
3 landlord at the time of such deduction, including rent owed
4 under 70-24-441(3), and a sum for actual cleaning expenses.

5 (2) At the request of either party, the premises may be
6 inspected within 1 week prior to termination of the tenancy.

7 ~~(2)~~(3) No cleaning charges may be imposed for normal
8 maintenance performed on a cyclical basis by the landlord as
9 noted by the landlord at the time the tenant occupies the
10 space unless the landlord is forced to perform this
11 maintenance because of negligence of the tenant.
12 Additionally, no cleaning charges may be deducted until
13 written notice has been given to the tenant. The notice
14 shall include the cleaning not accomplished by the tenant
15 and the additional and type or types of cleaning which need
16 to be done by the tenant to bring the premises back to its
17 condition at the time of its renting. After the delivery of
18 the notice, the tenant has 48 hours to complete the required
19 cleaning. IF NOTICE IS MAILED BY CERTIFIED MAIL, SERVICE OF
20 THE NOTICE IS CONSIDERED TO HAVE BEEN MADE 3 DAYS AFTER THE
21 DATE OF THE MAILING.

22 ~~(3)~~(4) No person may deduct or withhold from the
23 security deposit any amount for purposes other than those
24 set forth in this section."

25 **Section 3.** Section 70-25-202, MCA, is amended to read:

1 ***70-25-202. List of damages and refund -- delivery to**
2 **departing tenant. (1)** Every landlord, within 30 days
3 subsequent to the termination of a tenancy or within 30 days
4 subsequent to a surrender and acceptance of the leasehold
5 premises, whichever occurs first, shall provide the
6 departing tenant with a written list of any rent due and any
7 damage and cleaning charges, brought after the provisions of
8 70-25-201 have been followed, to the leasehold premises
9 which that the landlord alleges is are the responsibility of
10 the tenant. Delivery of such list shall be accompanied by
11 payment of the difference, if any, between the security
12 deposit and the permitted charges set forth in 70-25-201.
13 Delivery shall be accomplished by mailing the list and
14 refund to the tenant's last-known address or the new address
15 provided by the tenant.

16 (2) If after inspection there are no damages to the
17 premises, no cleaning required, and no rent unpaid and if
18 the tenant can demonstrate that no utilities are unpaid by
19 the tenant, the landlord shall return the security deposit
20 and any interest due under [section 6] within 7 days."

21 **Section 4.** Section 70-25-204, MCA, is amended to read:

22 ***70-25-204. Wrongful withholding of security deposit --**
23 **action.** (1) Any person who wrongfully withholds a
24 residential property security deposit or any portion thereof
25 shall be liable in damages to the tenant in a civil action

1 for an amount equal to double the sum determined to have
 2 been wrongfully withheld or deducted. The attorney's fees
 3 may be awarded the prevailing party at the discretion of the
 4 court. The burden of proof of damages caused by the tenant
 5 to the leasehold premises shall be on the landlord.

6 (2) No action may be maintained by a tenant for any
 7 amount wrongfully withheld or deducted prior to:

8 (a) the tenant's receipt from the landlord or his agent
 9 of a written denial of the sum alleged to be wrongfully
 10 detained;

11 (b) the expiration of a 30-day period after the
 12 termination of a tenancy; or

13 (c) the expiration of a 30-day period after surrender
 14 and acceptance of the leasehold premises, ~~whichever occurs~~
 15 first; or

16 (d) the expiration of a 7-day 10-DAY period after the
 17 landlord has indicated there were no damages to the
 18 premises, no cleaning was required, no rent was unpaid, and
 19 no utilities were unpaid by the tenant."

20 **Section 5.** Section 70-25-206, MCA, is amended to read:

21 **"70-25-206. Landlord to furnish statement of condition**
 22 **of premises at beginning of lease.** (1) Any person engaged in
 23 the rental of property for residential purposes who requires
 24 a security deposit shall furnish to each prospective tenant,
 25 prior to execution of a lease or creation of a tenancy, a

1 separate written statement as to the present condition of
 2 the premises intended to be let ~~as well as~~. At the written
 3 request of the prospective tenant, a copy of the written
 4 list of damage and cleaning charges, if any, provided to the
 5 tenant of the immediately preceding leasehold agreement for
 6 the premises in question must be provided to the prospective
 7 tenant.

8 (2) Each written statement of the present condition of
 9 a premises intended to be let shall contain at least the
 10 following:

11 (a) a clear and concise statement of the present
 12 condition of the premises known to the landlord or his agent
 13 or which should have been known upon reasonable inspection;

14 (b) if the premises have never previously been let, a
 15 statement indicating such fact;

16 (c) if any damage to the leasehold premises resulting
 17 from the immediately preceding leasehold agreement has not
 18 been restored, a statement indicating such fact and setting
 19 forth such unrestored damage; and

20 (d) the signature of the landlord or his agent.

21 (3) Any person engaged in the rental of property for
 22 residential purposes who fails to furnish a prospective
 23 tenant, prior to the execution of the lease or creation of
 24 the tenancy, with a separate written statement of the
 25 present condition of the premises intended to be let and, if

1 any upon the written request of the prospective tenant, a
 2 written list of damage and cleaning charges provided to the
 3 tenant of the immediately preceding leasehold agreement
 4 shall be barred from recovering any sum for damage to or
 5 cleaning of the leasehold premises unless he can establish
 6 by clear and convincing evidence that the damage occurred
 7 during the tenancy in question and was caused by the tenant
 8 occupying the leasehold premises or the tenant's family,
 9 licensees, or invitees."

10 NEW SECTION. Section 6. Interest on security deposit.

11 (1) A person engaged in the rental of property who requires
 12 a security deposit shall pay interest on the security
 13 deposit from the date of receipt at an interest rate of 4% a
 14 year, simple interest, on any tenancy that exists for 6
 15 months or longer, payable through the last full month of the
 16 tenancy, if the payment of interest is \$5 or more.

17 (2) Interest accrued on a security deposit for a
 18 tenancy that exists for 6 months or longer becomes a part of
 19 the security deposit and is subject to the provisions of
 20 this chapter pertaining to deductions and returning of the
 21 security deposit.

22 (3) A requirement for the payment of interest is not
 23 imposed for a tenancy that does not exist for a period of 6
 24 months or more or when the payment of interest is less than
 25 \$5.

1 (4) At the option of the landlord, interest may be paid
 2 annually or left to accumulate as part of the security
 3 deposit, provided that interest amounts may not be allowed
 4 to accumulate for more than 5 years.

5 NEW SECTION. Section 7. Codification instruction.

6 [Section 6] is intended to be codified as an integral part
 7 of Title 70, chapter 25, and the provisions of Title 70,
 8 chapter 25, apply to [section 6].

9 NEW SECTION. Section 8. Applicability. [This act]

10 applies to all tenancies in existence 30 days after [the
 11 effective date of this act], and interest begins to accrue
 12 on those tenancies 30 days after [the effective date of this
 13 act].

-End-

HOUSE BILL NO. 767

INTRODUCED BY MEASURE, HARP, WHALEN, LEE, YELLOWTAIL, ECK

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND AMEND THE LAW GOVERNING RESIDENTIAL TENANTS' SECURITY DEPOSITS; PROVIDING--FOR--THE--ACCUMULATION--AND--PAYMENT--OF INTEREST--ON--SECURITY--DEPOSITS; PROVIDING FOR TIMELY SECURITY DEPOSIT REFUNDS; AMENDING SECTIONS 70-25-101, 70-25-201, 70-25-202, 70-25-204, AND 70-25-206, MCA; AND PROVIDING AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 70-25-101, MCA, is amended to read:

"70-25-101. Definitions. As used in this chapter, the following definitions apply:

(1) "Cleaning expenses" means the actual and necessary cost of cleaning done by an owner or his selected representative for cleaning needs not attributable to normal wear brought about by the tenant's failure to bring the premises to the condition it was at the time of renting.

(2) "Damage" means any and all tangible loss, injury, or deterioration of a leasehold premises caused by the willful or accidental acts of the tenant occupying same or by the tenant's family, licensees, or invitees, as well as any and all tangible loss, injury, or deterioration

resulting from the tenant's omissions or failure to perform any duty imposed upon the tenant by law with respect to the leasehold.

(3) "Leasehold premises" means the premises occupied by the tenant together with all common areas, recreational facilities, parking areas, and storage facilities to which the tenant has access, as well as all personal property owned or controlled by the landlord the use of which is permitted to the tenant.

(4) "Security deposit" means value given, in money or its equivalent and accrued interest or its equivalent, to secure the payment of rent by the tenant under a leasehold agreement or to secure payment for damage to and cleaning of the leasehold premises. If a leasehold agreement or an agreement incident thereto requires the tenant or prospective tenant to provide or maintain in effect any deposit to the landlord for part or all of the term of the leasehold agreement, the deposit shall be presumed to be a security deposit. A nonrefundable fee or charge for cleaning and damages, no matter how designated, is presumed to be a security deposit.

(5) "YEAR" MEANS A CONSECUTIVE 12-MONTH PERIOD."

Section 2. Section 70-25-201, MCA, is amended to read:

"70-25-201. Security deposit -- deductions authorized therefrom. (1) Any landlord renting property covered by this

1 chapter may deduct from the security deposit a sum equal to
 2 the damage alleged to have been caused by the tenant,
 3 together with a sum equal to the unpaid rent owing to the
 4 landlord at the time of such deduction, including rent owed
 5 under 70-24-441(3), and a sum for actual cleaning expenses.

6 (2) At the request of either party, the premises may be
 7 inspected within 1 week prior to termination of the tenancy.

8 ~~(2)~~(3) No cleaning charges may be imposed for normal
 9 maintenance performed on a cyclical basis by the landlord as
 10 noted by the landlord at the time the tenant occupies the
 11 space unless the landlord is forced to perform this
 12 maintenance because of negligence of the tenant.
 13 Additionally, no cleaning charges may be deducted until
 14 written notice has been given to the tenant. The notice
 15 shall include the cleaning not accomplished by the tenant
 16 and the additional and type or types of cleaning which need
 17 to be done by the tenant to bring the premises back to its
 18 condition at the time of its renting. After the delivery of
 19 the notice, the tenant has 48 hours to complete the required
 20 cleaning. IF NOTICE IS MAILED BY CERTIFIED MAIL, SERVICE OF
 21 THE NOTICE IS CONSIDERED TO HAVE BEEN MADE 3 DAYS AFTER THE
 22 DATE OF THE MAILING.

23 ~~(3)~~(4) No person may deduct or withhold from the
 24 security deposit any amount for purposes other than those
 25 set forth in this section."

1 **Section 3.** Section 70-25-202, MCA, is amended to read:

2 "70-25-202. List of damages and refund -- delivery to
 3 departing tenant. (1) Every landlord, within 30 days
 4 subsequent to the termination of a tenancy or within 30 days
 5 subsequent to a surrender and acceptance of the leasehold
 6 premises, whichever occurs first, shall provide the
 7 departing tenant with a written list of any rent due and any
 8 damage and cleaning charges, brought after the provisions of
 9 70-25-201 have been followed, to the leasehold premises
 10 which that the landlord alleges is are the responsibility of
 11 the tenant. Delivery of such list shall be accompanied by
 12 payment of the difference, if any, between the security
 13 deposit and the permitted charges set forth in 70-25-201.
 14 Delivery shall be accomplished by mailing the list and
 15 refund to the tenant's last-known address or the new address
 16 provided by the tenant.

17 (2) If after inspection there are no damages to the
 18 premises, no cleaning required, and no rent unpaid and if
 19 the tenant can demonstrate that no utilities are unpaid by
 20 the tenant, the landlord shall return the security deposit
 21 and any interest due under [section 6] within 7 days."

22 **Section 4.** Section 70-25-204, MCA, is amended to read:

23 "70-25-204. Wrongful withholding of security deposit --
 24 action. (1) Any person who wrongfully withholds a
 25 residential property security deposit or any portion thereof

1 shall be liable in damages to the tenant in a civil action
 2 for an amount equal to double the sum determined to have
 3 been wrongfully withheld or deducted. The attorney's fees
 4 may be awarded the prevailing party at the discretion of the
 5 court. The burden of proof of damages caused by the tenant
 6 to the leasehold premises shall be on the landlord.

7 (2) No action may be maintained by a tenant for any
 8 amount wrongfully withheld or deducted prior to:

9 (a) the tenant's receipt from the landlord or his agent
 10 of a written denial of the sum alleged to be wrongfully
 11 detained;

12 (b) the expiration of a 30-day period after the
 13 termination of a tenancy; or OR

14 (c) the expiration of a 30-day period after surrender
 15 and acceptance of the leasehold premises, ~~whichever occurs~~
 16 first; or

17 (d) the expiration of a 7-day 10-DAY period after the
 18 landlord has indicated there were no damages to the
 19 premises, no cleaning was required, no rent was unpaid, and
 20 no utilities were unpaid by the tenant."

21 **Section 5.** Section 70-25-206, MCA, is amended to read:

22 "70-25-206. Landlord to furnish statement of condition
 23 of premises at beginning of lease. (1) Any person engaged in
 24 the rental of property for residential purposes who requires
 25 a security deposit shall furnish to each prospective tenant,

1 prior to execution of a lease or creation of a tenancy, a
 2 separate written statement as to the present condition of
 3 the premises intended to be let, ~~as well as.~~ At the written
 4 request of the prospective tenant, a copy of the written
 5 list of damage and cleaning charges, if any, provided to the
 6 tenant of the immediately preceding leasehold agreement for
 7 the premises in question must be provided to the prospective
 8 tenant.

9 (2) Each written statement of the present condition of
 10 a premises intended to be let shall contain at least the
 11 following:

12 (a) a clear and concise statement of the present
 13 condition of the premises known to the landlord or his agent
 14 or which should have been known upon reasonable inspection;

15 (b) if the premises have never previously been let, a
 16 statement indicating such fact;

17 (c) if any damage to the leasehold premises resulting
 18 from the immediately preceding leasehold agreement has not
 19 been restored, a statement indicating such fact and setting
 20 forth such unrestored damage; and

21 (d) the signature of the landlord or his agent.

22 (3) Any person engaged in the rental of property for
 23 residential purposes who fails to furnish a prospective
 24 tenant, prior to the execution of the lease or creation of
 25 the tenancy, with a separate written statement of the

1 present condition of the premises intended to be let and, if
 2 any upon the written request of the prospective tenant, a
 3 written list of damage and cleaning charges provided to the
 4 tenant of the immediately preceding leasehold agreement
 5 shall be barred from recovering any sum for damage to or
 6 cleaning of the leasehold premises unless he can establish
 7 by clear and convincing evidence that the damage occurred
 8 during the tenancy in question and was caused by the tenant
 9 occupying the leasehold premises or the tenant's family,
 10 licensees, or invitees."

11 NEW SECTION. Section 6. Interest on security deposit.
 12 {1} A person engaged in the rental of property who requires
 13 a security deposit shall pay interest on the security
 14 deposit from the date of receipt at an interest rate of 4% a
 15 year, simple interest, on any tenancy that exists for 6 ±2
 16 months or longer, payable through the last full month of the
 17 tenancy, if the payment of interest is \$5 ±10 or more:

18 {2} Interest accrued on a security deposit for a
 19 tenancy that exists for 6 ±2 months or longer becomes a part
 20 of the security deposit and is subject to the provisions of
 21 this chapter pertaining to deductions and returning of the
 22 security deposit:

23 {3} A requirement for the payment of interest is not
 24 imposed for a tenancy that does not exist for a period of 6
 25 ±2 months or more or when the payment of interest is less

1 than \$5 ±10.
 2 {4} At the option of the landlord, interest may be paid
 3 annually or left to accumulate as part of the security
 4 deposit, provided that interest amounts may not be allowed
 5 to accumulate for more than 5 years:

6 {5} NO INTEREST IS PAYABLE FOR A PARTIAL YEAR'S RENT.
 7 NEW SECTION. Section 7. Codification. Instruction.
 8 {Section 6} is intended to be codified as an integral part
 9 of Title 70, chapter 25, and the provisions of Title 70,
 10 chapter 25, apply to {section 6}:

11 NEW SECTION. Section 8. Applicability. [This act]
 12 applies to all tenancies in existence 30 days after [the
 13 effective date of this act], and interest begins to accrue
 14 on those tenancies 30 days after [the effective date of this
 15 act].

-End-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 19, 1991

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration House Bill No. 767 (third reading copy -- blue), respectfully report that House Bill No. 767 be amended and as so amended be concurred in:

1. Page 2, line 11.

Strike: "and accrued interest or its equivalent"

2. Page 2, line 22.

Strike: "(5) "YEAR" MEANS A CONSECUTIVE 12-MONTH PERIOD."

3. Page 4, line 21.

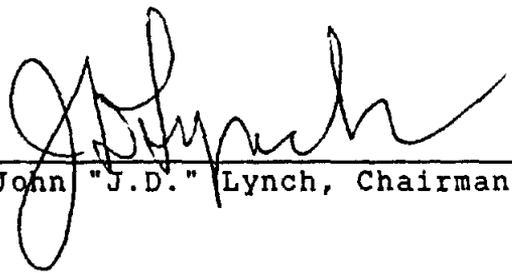
Strike: "and any interest due under [section 6]"

Strike: "7"

Insert: "10"

4. Page 8, lines 13 through 15.

Strike: ", " on line 13 through "]" on line 15

Signed: 

John "J.D." Lynch, Chairman

~~1991~~ 3-19-91
Amd. Coord.

BB 3/19 2:30
Sec. of Senate

SENATE
HB 767

HOUSE BILL NO. 767

INTRODUCED BY MEASURE, HARP, WHALEN, LEE, YELLOWTAIL, ECK

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND AMEND THE LAW GOVERNING RESIDENTIAL TENANTS' SECURITY DEPOSITS; PROVIDING--FOR--THE--ACCUMULATION--AND--PAYMENT--OF INTEREST--ON--SECURITY--DEPOSITS; PROVIDING FOR TIMELY SECURITY DEPOSIT REFUNDS; AMENDING SECTIONS 70-25-101, 70-25-201, 70-25-202, 70-25-204, AND 70-25-206, MCA; AND PROVIDING AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 70-25-101, MCA, is amended to read:

"70-25-101. Definitions. As used in this chapter, the following definitions apply:

(1) "Cleaning expenses" means the actual and necessary cost of cleaning done by an owner or his selected representative for cleaning needs not attributable to normal wear brought about by the tenant's failure to bring the premises to the condition it was at the time of renting.

(2) "Damage" means any and all tangible loss, injury, or deterioration of a leasehold premises caused by the willful or accidental acts of the tenant occupying same or by the tenant's family, licensees, or invitees, as well as any and all tangible loss, injury, or deterioration

resulting from the tenant's omissions or failure to perform any duty imposed upon the tenant by law with respect to the leasehold.

(3) "Leasehold premises" means the premises occupied by the tenant together with all common areas, recreational facilities, parking areas, and storage facilities to which the tenant has access, as well as all personal property owned or controlled by the landlord the use of which is permitted to the tenant.

(4) "Security deposit" means value given, in money or its equivalent ~~and accrued interest or its equivalent~~, to secure the payment of rent by the tenant under a leasehold agreement or to secure payment for damage to and cleaning of the leasehold premises. If a leasehold agreement or an agreement incident thereto requires the tenant or prospective tenant to provide or maintain in effect any deposit to the landlord for part or all of the term of the leasehold agreement, the deposit shall be presumed to be a security deposit. A nonrefundable fee or charge for cleaning and damages, no matter how designated, is presumed to be a security deposit.

~~(5) --"YEAR"--MEANS--A--CONSECUTIVE--12--MONTH--PERIOD--"~~

Section 2. Section 70-25-201, MCA, is amended to read:

"70-25-201. Security deposit -- deductions authorized therefrom. (1) Any landlord renting property covered by this



1 chapter may deduct from the security deposit a sum equal to
 2 the damage alleged to have been caused by the tenant,
 3 together with a sum equal to the unpaid rent owing to the
 4 landlord at the time of such deduction, including rent owed
 5 under 70-24-441(3), and a sum for actual cleaning expenses.

6 (2) At the request of either party, the premises may be
 7 inspected within 1 week prior to termination of the tenancy.

8 ~~(2)~~(3) No cleaning charges may be imposed for normal
 9 maintenance performed on a cyclical basis by the landlord as
 10 noted by the landlord at the time the tenant occupies the
 11 space unless the landlord is forced to perform this
 12 maintenance because of negligence of the tenant.
 13 Additionally, no cleaning charges may be deducted until
 14 written notice has been given to the tenant. The notice
 15 shall include the cleaning not accomplished by the tenant
 16 and the additional and type or types of cleaning which need
 17 to be done by the tenant to bring the premises back to its
 18 condition at the time of its renting. After the delivery of
 19 the notice, the tenant has 48 hours to complete the required
 20 cleaning. IF NOTICE IS MAILED BY CERTIFIED MAIL, SERVICE OF
 21 THE NOTICE IS CONSIDERED TO HAVE BEEN MADE 3 DAYS AFTER THE
 22 DATE OF THE MAILING.

23 ~~(3)~~(4) No person may deduct or withhold from the
 24 security deposit any amount for purposes other than those
 25 set forth in this section."

1 **Section 3.** Section 70-25-202, MCA, is amended to read:
 2 **"70-25-202. List of damages and refund -- delivery to**
 3 **departing tenant. (1)** Every landlord, within 30 days
 4 subsequent to the termination of a tenancy or within 30 days
 5 subsequent to a surrender and acceptance of the leasehold
 6 premises, whichever occurs first, shall provide the
 7 departing tenant with a written list of any rent due and any
 8 damage and cleaning charges, brought after the provisions of
 9 70-25-201 have been followed, to the leasehold premises
 10 ~~which that~~ the landlord alleges ~~is~~ are the responsibility of
 11 the tenant. Delivery of such list shall be accompanied by
 12 payment of the difference, if any, between the security
 13 deposit and the permitted charges set forth in 70-25-201.
 14 Delivery shall be accomplished by mailing the list and
 15 refund to the tenant's last-known address or the new address
 16 provided by the tenant.

17 (2) If after inspection there are no damages to the
 18 premises, no cleaning required, and no rent unpaid and if
 19 the tenant can demonstrate that no utilities are unpaid by
 20 the tenant, the landlord shall return the security deposit
 21 and any interest due under ~~(section 6)~~ within 7 10 days."

22 **Section 4.** Section 70-25-204, MCA, is amended to read:
 23 **"70-25-204. Wrongful withholding of security deposit --**
 24 **action. (1)** Any person who wrongfully withholds a
 25 residential property security deposit or any portion thereof

1 shall be liable in damages to the tenant in a civil action
 2 for an amount equal to double the sum determined to have
 3 been wrongfully withheld or deducted. The attorney's fees
 4 may be awarded the prevailing party at the discretion of the
 5 court. The burden of proof of damages caused by the tenant
 6 to the leasehold premises shall be on the landlord.

7 (2) No action may be maintained by a tenant for any
 8 amount wrongfully withheld or deducted prior to:

9 (a) the tenant's receipt from the landlord or his agent
 10 of a written denial of the sum alleged to be wrongfully
 11 detained;

12 (b) the expiration of a 30-day period after the
 13 termination of a tenancy; ~~or~~ OR

14 (c) the expiration of a 30-day period after surrender
 15 and acceptance of the leasehold premises; ~~whichever-occurs~~
 16 first; or

17 (d) the expiration of a 7-day 10-DAY period after the
 18 landlord has indicated there were no damages to the
 19 premises, no cleaning was required, no rent was unpaid, and
 20 no utilities were unpaid by the tenant."

21 **Section 5.** Section 70-25-206, MCA, is amended to read:

22 "70-25-206. Landlord to furnish statement of condition
 23 of premises at beginning of lease. (1) Any person engaged in
 24 the rental of property for residential purposes who requires
 25 a security deposit shall furnish to each prospective tenant,

1 prior to execution of a lease or creation of a tenancy, a
 2 separate written statement as to the present condition of
 3 the premises intended to be let, ~~as well as.~~ At the written
 4 request of the prospective tenant, a copy of the written
 5 list of damage and cleaning charges, if any, provided to the
 6 tenant of the immediately preceding leasehold agreement for
 7 the premises in question must be provided to the prospective
 8 tenant.

9 (2) Each written statement of the present condition of
 10 a premises intended to be let shall contain at least the
 11 following:

12 (a) a clear and concise statement of the present
 13 condition of the premises known to the landlord or his agent
 14 or which should have been known upon reasonable inspection;

15 (b) if the premises have never previously been let, a
 16 statement indicating such fact;

17 (c) if any damage to the leasehold premises resulting
 18 from the immediately preceding leasehold agreement has not
 19 been restored, a statement indicating such fact and setting
 20 forth such unrestored damage; and

21 (d) the signature of the landlord or his agent.

22 (3) Any person engaged in the rental of property for
 23 residential purposes who fails to furnish a prospective
 24 tenant, prior to the execution of the lease or creation of
 25 the tenancy, with a separate written statement of the

1 present condition of the premises intended to be let and, if
 2 any upon the written request of the prospective tenant, a
 3 written list of damage and cleaning charges provided to the
 4 tenant of the immediately preceding leasehold agreement
 5 shall be barred from recovering any sum for damage to or
 6 cleaning of the leasehold premises unless he can establish
 7 by clear and convincing evidence that the damage occurred
 8 during the tenancy in question and was caused by the tenant
 9 occupying the leasehold premises or the tenant's family,
 10 licensees, or invitees."

11 ~~NEW SECTION:--Section 6.--Interest--on--security--deposit:--~~
 12 ~~{1}--A--person--engaged--in--the--rental--of--property--who--requires~~
 13 ~~a--security--deposit--shall--pay--interest--on--the--security~~
 14 ~~deposit--from--the--date--of--receipt--at--an--interest--rate--of--4%--a~~
 15 ~~year--simple--interest--on--any--tenancy--that--exists--for--6 ±2~~
 16 ~~months--or--longer--payable--through--the--last--full--month--of--the~~
 17 ~~tenancy--if--the--payment--of--interest--is--\$5 ±10--or--more:--~~

18 ~~{2}--Interest--accrued--on--a--security--deposit--for--a~~
 19 ~~tenancy--that--exists--for--6 ±2--months--or--longer--becomes--a--part~~
 20 ~~of--the--security--deposit--and--is--subject--to--the--provisions--of~~
 21 ~~this--chapter--pertaining--to--deductions--and--returning--of--the~~
 22 ~~security--deposit:--~~

23 ~~{3}--A--requirement--for--the--payment--of--interest--is--not~~
 24 ~~imposed--for--a--tenancy--that--does--not--exist--for--a--period--of--6~~
 25 ~~±2--months--or--more--or--when--the--payment--of--interest--is--less~~

1 ~~than--\$5 ±10:--~~
 2 ~~{4}--At--the--option--of--the--landlord--interest--may--be--paid~~
 3 ~~annually--or--left--to--accumulate--as--part--of--the--security~~
 4 ~~deposit--provided--that--interest--amounts--may--not--be--allowed~~
 5 ~~to--accumulate--for--more--than--5--years:--~~

6 ~~{5}--NO--INTEREST--IS--PAYABLE--FOR--A--PARTIAL--YEAR'S--RENT:--~~
 7 ~~NEW SECTION:--Section 7.--Codification-----instruction:--~~
 8 ~~{Section 6}--is--intended--to--be--codified--as--an--integral--part~~
 9 ~~of--Title--70--chapter--25--and--the--provisions--of--Title--70,~~
 10 ~~chapter--25--apply--to--{section 6}:--~~

11 ~~NEW SECTION. Section 6. Applicability. [This act]~~
 12 ~~applies to all tenancies in existence 30 days after [the~~
 13 ~~effective date of this act]--and--interest--begins--to--accrue~~
 14 ~~on--those--tenancies--30--days--after--{the--effective--date--of--this~~
 15 ~~act}.~~

-End-

1 HOUSE BILL NO. 767

2 INTRODUCED BY MEASURE, HARP, WHALEN, YELLOWTAIL, ECK

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND
5 AMEND THE LAW GOVERNING RESIDENTIAL TENANTS' SECURITY
6 DEPOSITS; ~~PROVIDING--FOR--THE--ACCUMULATION--AND--PAYMENT--OF~~
7 ~~INTEREST--ON--SECURITY--DEPOSITS~~; PROVIDING FOR TIMELY SECURITY
8 DEPOSIT REFUNDS; AMENDING SECTIONS 70-25-101, 70-25-201,
9 70-25-202, 70-25-204, AND 70-25-206, MCA; AND PROVIDING AN
10 APPLICABILITY DATE."
11

11

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **Section 1.** Section 70-25-101, MCA, is amended to read:14 **"70-25-101. Definitions.** As used in this chapter, the
15 following definitions apply:

16 (1) "Cleaning expenses" means the actual and necessary
17 cost of cleaning done by an owner or his selected
18 representative for cleaning needs not attributable to normal
19 wear brought about by the tenant's failure to bring the
20 premises to the condition it was at the time of renting.

21 (2) "Damage" means any and all tangible loss, injury,
22 or deterioration of a leasehold premises caused by the
23 willful or accidental acts of the tenant occupying same or
24 by the tenant's family, licensees, or invitees, as well as
25 any and all tangible loss, injury, or deterioration

1 resulting from the tenant's omissions or failure to perform
2 any duty imposed upon the tenant by law with respect to the
3 leasehold.

4 (3) "Leasehold premises" means the premises occupied by
5 the tenant together with all common areas, recreational
6 facilities, parking areas, and storage facilities to which
7 the tenant has access, as well as all personal property
8 owned or controlled by the landlord the use of which is
9 permitted to the tenant.

10 (4) "Security deposit" means value given, in money or
11 its equivalent ~~and accrued interest or its equivalent~~, to
12 secure the payment of rent by the tenant under a leasehold
13 agreement or to secure payment for damage to and cleaning of
14 the leasehold premises. If a leasehold agreement or an
15 agreement incident thereto requires the tenant or
16 prospective tenant to provide or maintain in effect any
17 deposit to the landlord for part or all of the term of the
18 leasehold agreement, the deposit shall be presumed to be a
19 security deposit. A nonrefundable fee or charge for cleaning
20 and damages, no matter how designated, is presumed to be a
21 security deposit.

22 ~~(5) -- "YEAR" MEANS A CONSECUTIVE 12-MONTH PERIOD.~~

23 **Section 2.** Section 70-25-201, MCA, is amended to read:

24 "70-25-201. Security deposit -- deductions authorized
25 therefrom. (1) Any landlord renting property covered by this

1 chapter may deduct from the security deposit a sum equal to
 2 the damage alleged to have been caused by the tenant,
 3 together with a sum equal to the unpaid rent owing to the
 4 landlord at the time of such deduction, including rent owed
 5 under 70-24-441(3), and a sum for actual cleaning expenses.

6 (2) At the request of either party, the premises may be
 7 inspected within 1 week prior to termination of the tenancy.

8 ~~(2)~~(3) No cleaning charges may be imposed for normal
 9 maintenance performed on a cyclical basis by the landlord as
 10 noted by the landlord at the time the tenant occupies the
 11 space unless the landlord is forced to perform this
 12 maintenance because of negligence of the tenant.
 13 Additionally, no cleaning charges may be deducted until
 14 written notice has been given to the tenant. The notice
 15 shall include the cleaning not accomplished by the tenant
 16 and the additional and type or types of cleaning which need
 17 to be done by the tenant to bring the premises back to its
 18 condition at the time of its renting. After the delivery of
 19 the notice, the tenant has 48 hours to complete the required
 20 cleaning. IF NOTICE IS MAILED BY CERTIFIED MAIL, SERVICE OF
 21 THE NOTICE IS CONSIDERED TO HAVE BEEN MADE 3 DAYS AFTER THE
 22 DATE OF THE MAILING.

23 ~~(3)~~(4) No person may deduct or withhold from the
 24 security deposit any amount for purposes other than those
 25 set forth in this section."

1 **Section 3.** Section 70-25-202, MCA, is amended to read:

2 *70-25-202. List of damages and refund -- delivery to
 3 departing tenant. (1) Every landlord, within 30 days
 4 subsequent to the termination of a tenancy or within 30 days
 5 subsequent to a surrender and acceptance of the leasehold
 6 premises, whichever occurs first, shall provide the
 7 departing tenant with a written list of any rent due and any
 8 damage and cleaning charges, brought after the provisions of
 9 70-25-201 have been followed, to the leasehold premises
 10 whch that the landlord alleges is are the responsibility of
 11 the tenant. Delivery of such list shall be accompanied by
 12 payment of the difference, if any, between the security
 13 deposit and the permitted charges set forth in 70-25-201.
 14 Delivery shall be accomplished by mailing the list and
 15 refund to the tenant's last-known address or the new address
 16 provided by the tenant.

17 (2) If after inspection there are no damages to the
 18 premises, no cleaning required, and no rent unpaid and if
 19 the tenant can demonstrate that no utilities are unpaid by
 20 the tenant, the landlord shall return the security deposit
 21 and any interest due under ~~section 6~~ within 7 10 days."

22 **Section 4.** Section 70-25-204, MCA, is amended to read:

23 *70-25-204. Wrongful withholding of security deposit --
 24 action. (1) Any person who wrongfully withholds a
 25 residential property security deposit or any portion thereof

1 shall be liable in damages to the tenant in a civil action
 2 for an amount equal to double the sum determined to have
 3 been wrongfully withheld or deducted. The attorney's fees
 4 may be awarded the prevailing party at the discretion of the
 5 court. The burden of proof of damages caused by the tenant
 6 to the leasehold premises shall be on the landlord.

7 (2) No action may be maintained by a tenant for any
 8 amount wrongfully withheld or deducted prior to:

9 (a) the tenant's receipt from the landlord or his agent
 10 of a written denial of the sum alleged to be wrongfully
 11 detained;

12 (b) the expiration of a 30-day period after the
 13 termination of a tenancy; or ~~OR~~

14 (c) the expiration of a 30-day period after surrender
 15 and acceptance of the leasehold premises, ~~whichever occurs~~
 16 first; or

17 (d) the expiration of a 7-day 10-DAY period after the
 18 landlord has indicated there were no damages to the
 19 premises, no cleaning was required, no rent was unpaid, and
 20 no utilities were unpaid by the tenant."

21 **Section 5.** Section 70-25-206, MCA, is amended to read:

22 **"70-25-206. Landlord to furnish statement of condition**
 23 **of premises at beginning of lease.** (1) Any person engaged in
 24 the rental of property for residential purposes who requires
 25 a security deposit shall furnish to each prospective tenant,

1 prior to execution of a lease or creation of a tenancy, a
 2 separate written statement as to the present condition of
 3 the premises intended to be let, ~~as well as.~~ At the written
 4 request of the prospective tenant, a copy of the written
 5 list of damage and cleaning charges, if any, provided to the
 6 tenant of the immediately preceding leasehold agreement for
 7 the premises in question must be provided to the prospective
 8 tenant.

9 (2) Each written statement of the present condition of
 10 a premises intended to be let shall contain at least the
 11 following:

12 (a) a clear and concise statement of the present
 13 condition of the premises known to the landlord or his agent
 14 or which should have been known upon reasonable inspection;

15 (b) if the premises have never previously been let, a
 16 statement indicating such fact;

17 (c) if any damage to the leasehold premises resulting
 18 from the immediately preceding leasehold agreement has not
 19 been restored, a statement indicating such fact and setting
 20 forth such unrestored damage; and

21 (d) the signature of the landlord or his agent.

22 (3) Any person engaged in the rental of property for
 23 residential purposes who fails to furnish a prospective
 24 tenant, prior to the execution of the lease or creation of
 25 the tenancy, with a separate written statement of the

1 present condition of the premises intended to be let and, if
 2 any upon the written request of the prospective tenant, a
 3 written list of damage and cleaning charges provided to the
 4 tenant of the immediately preceding leasehold agreement
 5 shall be barred from recovering any sum for damage to or
 6 cleaning of the leasehold premises unless he can establish
 7 by clear and convincing evidence that the damage occurred
 8 during the tenancy in question and was caused by the tenant
 9 occupying the leasehold premises or the tenant's family,
 10 licensees, or invitees."

11 ~~NEW SECTION:--Section-6:--Interest--on--security--deposit:--~~
 12 ~~{1}--A--person--engaged--in--the--rental--of--property--who--requires~~
 13 ~~a--security--deposit--shall--pay--interest--on--the--security~~
 14 ~~deposit--from--the--date--of--receipt--at--an--interest--rate--of--4%--a~~
 15 ~~year,--simple--interest,--on--any--tenancy--that--exists--for--6 12~~
 16 ~~months--or--longer,--payable--through--the--last--full--month--of--the~~
 17 ~~tenancy,--if--the--payment--of--interest--is--\$5 \$10--or--more.~~

18 ~~{2}--Interest--accrued--on--a--security--deposit--for--a~~
 19 ~~tenancy--that--exists--for--6 12--months--or--longer--becomes--a--part~~
 20 ~~of--the--security--deposit--and--is--subject--to--the--provisions--of~~
 21 ~~this--chapter--pertaining--to--deductions--and--returning--of--the~~
 22 ~~security--deposit;~~

23 ~~{3}--A--requirement--for--the--payment--of--interest--is--not~~
 24 ~~imposed--for--a--tenancy--that--does--not--exist--for--a--period--of--6~~
 25 ~~12--months--or--more--or--when--the--payment--of--interest--is--less~~

1 than ~~\$5~~ \$10.

2 ~~{4}--At--the--option--of--the--landlord,--interest--may--be--paid~~
 3 ~~annually--or--left--to--accumulate--as--part--of--the--security~~
 4 ~~deposit,--provided--that--interest--amounts--may--not--be--allowed~~
 5 ~~to--accumulate--for--more--than--5--years.~~

6 ~~{5}--NO--INTEREST--IS--PAYABLE--FOR--A--PARTIAL--YEAR'S--RENT.~~
 7 ~~NEW SECTION:--Section-7:--Codification-----instruction:~~
 8 ~~{Section-6}--is--intended--to--be--codified--as--an--integral--part~~
 9 ~~of--Title--70,--chapter--25,--and--the--provisions--of--Title--70,~~
 10 ~~chapter--25,--apply--to--{section-6}.~~

11 NEW SECTION. Section 6. Applicability. [This act]
 12 applies to all tenancies in existence 30 days after [the
 13 effective date of this act] and interest begins to accrue
 14 on those tenancies 30 days after [the effective date of this
 15 act].

-End-