SENATE BILL REPORT
EHB 1694

As of February 20, 2020

Title: An act relating to allowing tenants to pay certain sums in installments.

Brief Description: Allowing tenants to pay certain sums in installments.

Sponsors: Representatives Morgan, Macri, Riccelli, Goodman, Jinkins, Cody, Stonier, Robinson, Appleton, Pollet, Gregerson and Frame.

Brief History: Passed House: 2/17/20, 54-44.
Committee Activity: Financial Institutions, Economic Development & Trade: 2/25/20.

Brief Summary of Bill

- For residential rental agreements three months or longer in duration, tenants are authorized to pay certain deposits, fees, and last month's rent in up to three consecutive and equal installment payments.
- For residential rental agreements less than three months in duration, tenants are authorized to pay certain deposits, fees, and last month's rent in up to two consecutive and equal installment payments.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE

Staff: Clint McCarthy (786-7319)

Background: Residential-Landlord Tenant Act. The Residential Landlord-Tenant Act (RLTA) regulates the creation of residential tenancies and the relationship between landlords and tenants of residential dwelling units. The RLTA establishes rights and duties of both tenants and landlords, procedures for the parties to enforce their rights, and remedies for violations of the RLTA.

Landlords often collect deposits and fees and other amounts prior to, or at the outset of, a tenancy:

1. Tenant screening fee: The RLTA includes provisions governing the amount that may be charged and the information that must be provided to the tenant.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

2. Holding deposit or fee to hold the dwelling unit after the tenant has been offered the unit. If the tenant moves in, the landlord must credit the fee or deposit to the first month's rent or the security deposit.
3. Damage or security deposit: The purpose of such a deposit is to cover any damage caused to the property by the tenant, in excess of normal wear and tear. Under the RLTA, deposits must be placed in a trust account. Any interest earned generally belongs to the landlord.
4. Nonrefundable fee: This may include a cleaning fee; if that is the case, the landlord may not also charge the tenant for normal cleaning.
5. First and last month's rent.

A tenancy may be for a specified time, such as one year. Alternatively, premises may be rented for an indefinite time, from period to period or month to month.

Summary of Bill: Upon the request of a tenant, a landlord is required to permit the tenant to pay any deposits, nonrefundable fees, and last month's rent in installments. If the total amount of deposits and nonrefundable fees do not exceed 25 percent of the first full month's rent and payment of the last month's rent, the landlord is not required to permit a tenant to pay deposits and non refundable fees in installments.

When premises are rented for period of time that is longer than three months, the tenant may elect to pay any deposits, nonrefundable fees, and last month's rent in three consecutive and equal monthly payments at the beginning of the tenancy. For tenancies that are less than three months, the tenant must pay all deposits, fees, and last month's rent in two consecutive and equal monthly installment fees.

A landlord cannot charge a fee to a tenant choosing to pay in installments. A fee or deposit to hold a dwelling unit is not to be considered a deposit or nonrefundable fee

Appropriation: None.

Fiscal Note: None.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.