

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 194

H.P. 134

House of Representatives, January 30, 1991

Reference to the Committee on Legal Affairs suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative OLIVER of Portland.

Cosponsored by Representative ADAMS of Portland, Senator CONLEY of Cumberland and Speaker MARTIN of Eagle Lake.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

**An Act to Require Landlords to Pay Interest Earned on Security Deposits
to Tenants.**



2 **Be it enacted by the People of the State of Maine as follows:**

4 **Sec. 1. 14 MRSA §6031, sub-§2, as enacted by PL 1977, c. 359,**
is amended to read:

6 **2. Security deposit.** "Security deposit" means any advance
or deposit, regardless of its denomination, of money, the primary
8 function of which is to secure the performance of a rental
agreement for residential premises or any part thereof of those
10 premises, and all interest payable on the advance or deposit
pursuant to this chapter.

12 **Sec. 2. 14 MRSA §6038, as amended by PL 1981, c. 428, §11, is**
14 further amended to read:

16 **§6038. Treatment of security deposit**

18 During the term of a tenancy, a security deposit given to a
landlord as part of a residential rental agreement shall ~~may~~ not
20 be treated as an asset to be commingled with the assets of the
landlord. All security deposits received after October 1, 1979,
22 shall ~~must~~ be held in an interest-bearing account of a bank or
other financial institution under such terms as ~~will~~ that place
24 the security deposit beyond the claim of creditors of the
landlord, including a foreclosing mortgagee or trustee in
26 bankruptcy, and ~~as--will--provide~~ provide for transfer of the
security deposit to a subsequent owner of the dwelling unit. The
28 account must provide that all interest on the account inures to
the tenant. Upon request by ~~his~~ the tenant, a landlord shall ~~must~~
30 disclose the name of the institution and the number of the
account ~~number--where~~ in which the security deposit is being held.
32 A landlord may use a single escrow account to hold security
deposits from all of ~~his~~ the landlord's tenants.

34
36 **STATEMENT OF FACT**

38 This bill requires a landlord to put a tenant's security
deposit into an interest-bearing account at a bank or other
40 financial institution. The bill also defines "security deposit"
to include earned interest, so that landlords may be penalized
42 for improperly withholding interest in the same way they may be
penalized for withholding the security deposit under current
44 law. The bill permits landlords to withhold the earned interest
for the same reasons they are permitted to withhold security
46 deposits. The bill also requires that the account provide that
interest inure to the tenant to prevent the interest from being
48 consumed to pay service fees or charges for maintaining the
account.