

FEB 25 1998

ECONOMIC DEVELOPMENT

HOUSE FILE
BY DOTZLER

2434

Passed House, Date _____ Passed Senate, Date _____
 Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
 Approved _____

A BILL FOR

1 An Act relating to interest on rental deposits being held by
 2 landlords.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2434

1 Section 1. Section 16.100, subsection 1, Code Supplement
2 1997, is amended to read as follows:

3 1. A housing improvement fund is created within the
4 authority. Interest on rental deposits shall be deposited in
5 the housing improvement fund as required by section 562A.12.
6 The moneys in the housing improvement fund are annually
7 appropriated to the authority which shall allocate the
8 available funds among and within the programs authorized by
9 this section. Notwithstanding section 8.33, unencumbered or
10 unobligated moneys remaining in the fund on June 30 of any
11 fiscal year shall not revert to any other fund but shall be
12 available for expenditure for subsequent fiscal years.
13 Notwithstanding section 12C.7, interest or earnings on moneys
14 in the fund or appropriated to the fund shall be credited to
15 the fund. The authority may expend up to four percent of the
16 moneys appropriated for the programs in this section for
17 administrative costs of the authority for those programs. The
18 authority may provide financial assistance to a housing
19 sponsor or an individual in the form of loans, guarantees,
20 grants, interest subsidies, or by other means for the programs
21 authorized by this section.

22 Sec. 2. Section 562A.12, subsection 2, Code 1997, is
23 amended to read as follows:

24 2. All rental deposits shall be held by the landlord for
25 the tenant, who is a party to the agreement, in a bank or
26 savings and loan association or credit union which is insured
27 by an agency of the federal government. Rental deposits shall
28 not be commingled with the personal funds of the landlord.
29 Notwithstanding the provisions of chapter 543B, all rental
30 deposits may shall be held in a trust account, which may be a
31 common trust account and which may shall be an interest
32 bearing account. Any interest earned by a for-profit landlord
33 on a rental deposit during-the-first-five-years-of-a-tenancy
34 related to a property with four or more dwelling units shall
35 be the-property-of-the-landlord annually deposited by the

1 landlord in the housing improvement fund created in section
2 16.100.

3 EXPLANATION

4 This bill requires a landlord who collects rental deposits
5 to hold these deposits in a trust account which may be a
6 common trust account and which shall be an interest bearing
7 account. The bill provides that all interest earned on the
8 rental deposits by a landlord with respect to properties with
9 four or more dwelling units shall be annually deposited in the
10 housing improvement fund created within the Iowa finance
11 authority.

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