

FILED JAN 25 1999

SENATE FILE 43

BY DVORSKY

(COMPANION TO 1800HH BY DOTZLER)

Passed Senate, Date \_\_\_\_\_ Passed House, 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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SF 43  
STATE GOVERNMENT

1 Section 1. Section 16.100, subsection 1, Code 1999, is  
2 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 1999, 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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