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By Mr. McKenna, a petition (accompanied by bill, Senate, No. 686) of Denis L. McKenna for legislation to require the payment of interest on rent collected in advance for the last month of tenancy. Housing and Urban Development.

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**The Commonwealth of Massachusetts**

In the Year One Thousand Nine Hundred and Eighty-four.

AN ACT REQUIRING THE PAYMENT OF INTEREST ON RENT COLLECTED  
IN ADVANCE FOR THE LAST MONTH OF TENANCY.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Chapter 186 of the General Laws, as most re-  
2 cently amended by Chapter 553 of the Acts of 1978, is hereby  
3 further amended by inserting after the last sentence in Sec-  
4 tion 15B (2) (a) the following sentences: —

5 If said rent for the last month of tenancy is held for a pe-  
6 riod of one year or longer from the commencement of the  
7 term of tenancy, then the landlord shall, beginning with the  
8 first day of the tenancy pay interest at the rate of five per-  
9 cent per year, payable to the tenant at the end of each year  
10 of the tenancy. Such interest shall be paid over to the ten-  
11 ant each year as provided in this clause, provided, however,  
12 that in the event that the tenancy is terminated before the  
13 anniversary date of the tenancy, the tenant shall receive all  
14 accrued interest within thirty days of such termination. In-  
15 terest shall not accrue for the last month for which the rent  
16 was paid in advance. Any rent collected in advance received  
17 by such lessor shall be held in a separate interest-bearing ac-  
18 count in a bank, located within the Commonwealth under  
19 such terms as will place such rent beyond the claim of cred-  
20 itors of the lessor, including a foreclosing mortgagee or  
21 trustee in bankruptcy, and as will provide for its transfer to  
22 a subsequent owner of said property. A receipt shall be given  
23 to the tenant within thirty days after such rent is received

24 by the lessor which receipt shall indicate the name and loca-  
25 tion of the bank in which the rent has been deposited and the  
26 amount and account number of said rent. Failure to comply  
27 with this paragraph shall entitle the tenant to immediate  
28 return of the rent. At the end of each year of a tenancy,  
29 such lessor should give or send to the tenant from whom rent  
30 in advance was collected a statement which shall indicate the  
31 name and address of the bank in which said advance pay-  
32 ment has been placed, the amount of the deposit, the account  
33 number, and the amount of interest payable by such lessor to  
34 the tenant. The lessor shall at the same time give or send to  
35 each such tenant the interest which is due or shall give or  
36 send notification that the tenant may deduct the interest from  
37 the tenant's next rental payment. If, after thirty days from  
38 the end of each year of the tenancy, the tenant has not re-  
39 ceived such notice of payment, the tenant may deduct from  
40 his next rent payment the interest due. Said rent collected in  
41 advance shall continue to be the property of the tenant mak-  
42 ing such rent, shall not be commingled with the assets of the  
43 lessor, and shall not be subject to the claims of any creditor  
44 of the lessor or of the lessor's successor in interest, including  
45 a foreclosing mortgagee or trustee in bankruptcy; provided,  
46 however, that the tenant shall be entitled only to such inter-  
47 est as is provided for above.

1 SECTION 2. Chapter 186 of the General Laws, as most re-  
2 cently amended by Chapter 553 of the Acts of 1978, is hereby  
3 further amended by inserting after the last sentence in sec-  
4 tion 15B (5) the following: —

5 The provisions of this subsection shall also apply to a lessor  
6 who receives rent in advance for the last month of tenancy  
7 and to any successor in interest to said advance rent.