

HOUSE BILL NO. 533

INTRODUCED BY E. KERR-CARPENTER

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING RESIDENTIAL TENANT SECURITY DEPOSIT LAWS;
AND ALLOWING FOR ALTERNATIVE WAYS OF SATISFYING A SECURITY DEPOSIT REQUIREMENT."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Security deposit options.** (1) If a landlord charges a security deposit, the landlord shall offer, in a written notice, at least two of the following options for satisfaction of the security deposit requirement:

- (a) payment of the full balance of the security deposit;
- (b) payment of the security deposit over a series of monthly installments; and
- (c) payment for rental security insurance, if an insurer has been authorized by the department of insurance to provide rental security insurance.

(2) The tenant shall elect the option for satisfaction of the security deposit from the options offered by the landlord. The option elected by the tenant must be memorialized in the rental agreement.

(3) If the tenant elects to make a series of partial payments of the security deposit:

(a) the landlord and tenant may negotiate how many payments must be made and whether the payments must have a fixed value. Otherwise, the tenant shall make six sequential and equal monthly payments of one-sixth of the value of the security deposit. The number and value of the payments must be memorialized in the rental agreement.

(b) a partial payment may be paid with the monthly rent in a single transaction; and

(c) the landlord shall provide a receipt for partial payments received.

(4) (a) If the tenant elects to pay for rental security insurance, the insurance must:

(i) provide sufficient coverage for the entire value of the security deposit that the landlord would have charged;

(ii) provide coverage for the entire length of the lease plus 30 days; and

1 (iii) be provided by an insurer authorized by the department of insurance.

2 (b) A tenant who elects to pay for rental security insurance may not be required to provide additional
3 security or to pay for insurance coverage in excess of the value of the security deposit.

4 (5) A tenant is in violation of the rental agreement if the tenant does not fulfill or ceases to fulfill the
5 requirements of this section.

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7 **NEW SECTION. Section 2. Codification instruction.** [Section 1] is intended to be codified as an
8 integral part of Title 70, chapter 25, and the provisions of Title 70, chapter 25, apply to [section 1].

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