

311 INTEREST ON SECURITY DEPOSIT ESCROW ACCOUNTS

- 311.1 The interest in the escrow account described in Section 2908.1(b) (14 DCMR § 308.3) on all money paid by the tenant prior to or during the tenancy as a security deposit, decorating fee, or similar deposit or fee, shall commence on the date the money is actually paid by the tenant, or within thirty (30) days after February 20, 1976, whichever is later, and shall accrue at not less than the statement savings rate then prevailing on January 1st and on July 1st for each 6-month period (or part thereof) of the tenancy which follows those dates. On those dates, the statement savings rate in the District of Columbia financial institution in which the escrow account is held shall be used. All interest earned shall accrue to the tenant except for that described in paragraph (4)(a-1) or as set forth in paragraph (2) (14 DCMR § 309).
- 311.2 Interest on an escrow account shall be due and payable by the owner to the tenant upon termination of any tenancy of a duration of twelve (12) months or more, unless an amount is deducted under procedures set forth in paragraph (2) (14 DCMR §§ 309.1 and 309.2). Any housing provider violating the provisions of this section by failing to pay interest on a security deposit escrow account that is rightfully owed to a tenant in accordance with the requirements of this section, shall be liable to the tenant, as applicable, for the amount of the interest owed, or in the event of bad faith, for treble that amount. For the purposes of this paragraph, the term "bad faith" means any frivolous or unfounded refusal to pay interest on a security deposit, as required by law, that is motivated by a fraudulent, deceptive, misleading, dishonest, or unreasonably self-serving purpose and not by simple negligence, bad judgment, or an honest belief in the course of action taken. Any housing provider who willfully violates the provisions of this section by failing to pay interest on a security deposit escrow account that is rightfully owed to a tenant in accordance with the requirements of this section shall be subject to a civil fine of not more than \$ 5000 for each violation.
- (1) If the housing provider invests the security deposit in an account with an interest rate that exceeds that of the statement savings rate as required in subparagraph (a)(14) (14 DCMR § 311.1), the housing provider may apply up to 30% of the excess interest for administrative costs or other purposes.
- 311.3 Except in cases where no interest is paid to the tenant as provided in § 311.2, the owner shall not assign the account or use it as security for loans.
- 311.4 It is the intent of this section that the account referred to in this section and § 309 shall be used solely for the purpose of securing the lessees' performance under the lease.
- 311.5 This section and § 309 and § 310 shall not be subject to the notice requirements of any other section of this subtitle.

District of Columbia Municipal Regulations

SOURCE: The Housing Regulations of the District of Columbia, 5G DCRR § 2908, Commissioners' Order 55-1503 (August 11, 1955); as amended by Section 3 of the Security Deposit Act, effective February 20, 1976 (D.C. Law 1-48; 22 DCR 2823 (November 28, 1975)); as amended by Section 2 of the Adjustment of Interest Rates Paid on Rental Security Deposits Amendment Act of 1992, effective March 17, 1993 (D.C. Law 9-212, § 2908.4(a); 40 DCR 2204 (March 17, 1993), incorporating by reference the text of D.C. Act 9-341, published at 40 DCR 23 (December 21, 1992); as amended by the Interest on Rental Security Deposits Amendment Act of 2006, effective March 14, 2007 (D.C. Law 16-276; 54 DCR 889 (February 2, 2007); as amended by the Tenant Security Deposits Clarification Amendment Act of 2012, effective June 7, 2012 (D.C. Law 19-140; 59 DCR 2879 (April 13, 2012).