

ADOPTION REPORT¹

Recommendation 2-2021, Minor Court Rules Committee

Amendment of Pa.R.Civ.P.M.D.J. 514

APPLICATION OF SECURITY DEPOSIT TO OFFSET JUDGMENT

The Minor Court Rules Committee (“Committee”) recommended amendments to Rule 514 of the Pennsylvania Rules of Civil Procedure Governing Actions and Proceedings Before Magisterial District Judges (“Rules”). These amendments relate to the use of a security deposit as an offset against a judgment in a landlord-tenant action. The Committee published the proposal for public comment at 50 Pa.B. 4646 (September 12, 2020) and it was posted on the Committee website on August 31, 2020.

The Committee was asked to consider clarifying how the application of a security deposit to a judgment in a landlord-tenant action is reported on the judgment form. Although Rule 514 does not address directly whether the security deposit or an offset is reported on the judgment form, the Note provides that “the amount of the security deposit held by the landlord, if any” is one of a number of issues that the magisterial district judge must determine at the hearing.

There are statutory requirements for return of a security deposit by the landlord at the termination of the lease. See 68 P.S. § 250.512. A landlord is required to provide a tenant with a list of damages to the premises within 30 days of the termination of the lease; the list of damages must be accompanied by payment of the difference between the security deposit (plus accrued interest) and the amount of damages to the premises. *Id.* § 250.512(a). If the landlord fails to provide a damages list within 30 days of the termination of the lease, the landlord waives the right to withhold any of the security deposit or interest, while failure to remit timely the security deposit to the tenant within 30 days makes the landlord liable to the tenant for double the amount of the security deposit. *Id.* § 250.512(b)-(c). The statute provides that “[a]ny attempted waiver of this section by contract or otherwise shall be void and unenforceable.” *Id.* § 250.512(d).

The Committee believed that there are limited circumstances when application of the security deposit to offset a monetary judgment would be appropriate. Typically, this would occur when the tenant has already left the property, the landlord has had the opportunity to inspect the property, both parties are before the magisterial district judge, and the parties agree that the security deposit should be used to offset the judgment.

¹ This report was prepared by the Committee. It neither constitutes a part of the rules nor is adopted by the Supreme Court.

Rule 514 is amended to require that the judgment form reflect the amount of any security deposit applied to the judgment as an offset, if applicable. The Note to Rule 514 was also amended to identify the limited circumstances in which applying the security deposit as an offset to the judgment is appropriate. Listing the security deposit offset as an entry on the judgment form will create more transparency and provide greater clarity as to the elements of the judgment.