
By: Senator Craig

Introduced and read first time: January 23, 1997

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property - Residential Leases - Interest on Security Deposits**

3 FOR the purpose of altering the interest rate paid on a security deposit under a
4 residential lease; requiring the interest rate under this Act to be adjusted at certain
5 times; requiring a landlord to provide a tenant with certain information about the
6 financial institution holding the tenant's security deposit if the tenant requests the
7 information in writing; and generally relating to security deposits under residential
8 leases.

9 BY repealing and reenacting, with amendments,
10 Article - Real Property
11 Section 8-203(f)
12 Annotated Code of Maryland
13 (1996 Replacement Volume and 1996 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article - Real Property**

17 8-203.

18 (f) (1) (I) Within 45 days after the end of the tenancy, the landlord shall
19 return the security deposit to the tenant together with simple interest which has accrued
20 [in the amount of 4 percent per annum,] AT THE RATE PROVIDED IN SUBPARAGRAPH
21 (II) OF THIS PARAGRAPH, less any damages rightfully withheld.

22 (II) 1. THE INTEREST RATE PAID ON A SECURITY DEPOSIT UNDER
23 SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE THE PASSBOOK RATE THEN
24 PREVAILING IN THE FINANCIAL INSTITUTION WHERE THE SECURITY DEPOSIT IS
25 HELD IN AN ACCOUNT.

26 2. THE INTEREST RATE UNDER THIS SUBPARAGRAPH SHALL
27 BE THE RATE PREVAILING ON JANUARY 1 AND JULY 1 OF EACH YEAR FOR EACH
28 6-MONTH PERIOD, OR PART OF EACH 6-MONTH PERIOD, OF THE TENANCY WHICH
29 FOLLOWS THOSE DATES.

2

1 (2) Interest shall accrue at six-month intervals from the day the tenant gives
2 the landlord the security deposit. Interest is not compounded.

3 (3) WITHIN 30 DAYS OF THE TENANT'S WRITTEN REQUEST, THE
4 LANDLORD SHALL PROVIDE THE TENANT WITH THE NAME OF THE FINANCIAL
5 INSTITUTION WHERE THE TENANT'S SECURITY DEPOSIT IS BEING HELD IN AN
6 ACCOUNT.

7 [[3]] (4) Interest shall be payable only on security deposits of \$50 or more.

8 [[4]] (5) If the landlord, without a reasonable basis, fails to return any part
9 of the security deposit, plus accrued interest, within 45 days after the termination of the
10 tenancy, the tenant has an action of up to threefold of the withheld amount, plus
11 reasonable attorney's fees.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 October 1, 1997.