

By: **Delegate Stocksdale**

Introduced and read first time: February 5, 2004

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 17, 2004

CHAPTER 369

1 AN ACT concerning

2 **Real Property - Residential ~~Lease~~ Leases - Security Deposits - Interest**  
3 **Rates**

4 FOR the purpose of altering the annual interest ~~accrual~~ rate paid on a security  
5 deposit under a residential lease security deposit within a certain number of  
6 days after the end of a tenancy; altering the annual interest rate paid on a  
7 security deposit under a residential lease prior to the termination of a tenancy  
8 under certain circumstances; and generally relating to interest rates paid on  
9 security deposits under residential ~~lease~~ leases ~~security deposits~~.

10 BY repealing and reenacting, with amendments,  
11 Article - Real Property  
12 Section 8-203(e) and (h)  
13 Annotated Code of Maryland  
14 (2003 Replacement Volume and 2003 Supplement)

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

17 **Article - Real Property**

18 8-203.

19 (e) (1) Within 45 days after the end of the tenancy, the landlord shall return  
20 the security deposit to the tenant together with simple interest which has accrued in  
21 the amount of [4] ~~2~~ 3 percent per annum, less any damages rightfully withheld.

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

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

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

8 (h) (1) The provisions of subsections (e)(1) and (4) and (g)(1) and (2) of this  
9 section are inapplicable to a tenant who has been evicted or ejected for breach of a  
10 condition or covenant of a lease prior to the termination of the tenancy or who has  
11 abandoned the premises prior to the termination of the tenancy.

12 (2) (i) A tenant specified in paragraph (1) of this subsection may  
13 demand return of the security deposit by giving written notice by first-class mail to  
14 the landlord within 45 days of being evicted or ejected or of abandoning the premises.

15 (ii) The notice shall specify the tenant's new address.

16 (iii) The landlord, within 45 days of receipt of such notice, shall  
17 present, by first-class mail to the tenant, a written list of the damages claimed under  
18 subsection (f)(1) of this section together with a statement of the costs actually  
19 incurred and shall return to the tenant the security deposit together with simple  
20 interest which has accrued in the amount of [4] 3 percent per annum, less any  
21 damages rightfully withheld.

22 (3) (i) If a landlord fails to send the list of damages required by  
23 paragraph (2) of this subsection, the right to withhold any part of the security deposit  
24 for damages is forfeited.

25 (ii) If a landlord fails to return the security deposit as required by  
26 paragraph (2) of this subsection, the tenant has an action of up to threefold of the  
27 withheld amount, plus reasonable attorney's fees.

28 (4) Except to the extent specified, this subsection may not be interpreted  
29 to alter the landlord's duties under subsections (e) and (g) of this section.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
31 October 1, 2004.

