
By: **Delegates Feldman and Krebs**

Introduced and read first time: February 7, 2005

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property - Residential Leases - Attachment of Security Deposits**

3 FOR the purpose of establishing that certain security deposits under residential
4 leases may not be attached by creditors; and generally relating to security
5 deposits under residential leases.

6 BY repealing and reenacting, with amendments,
7 Article - Real Property
8 Section 8-203(d)
9 Annotated Code of Maryland
10 (2003 Replacement Volume and 2004 Supplement)

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

13 **Article - Real Property**

14 8-203.

15 (d) (1) (i) The landlord shall maintain all security deposits in federally
16 insured financial institutions, as defined in § 1-101 of the Financial Institutions
17 Article, which do business in the State.

18 (ii) Security deposit accounts shall be maintained in branches of
19 the financial institutions which are located within the State and the accounts shall be
20 devoted exclusively to security deposits and bear interest.

21 (iii) A security deposit shall be deposited in an account within 30
22 days after the landlord receives it.

23 (iv) The aggregate amount of the accounts shall be sufficient in
24 amount to equal all security deposits for which the landlord is liable.

25 (2) (i) In lieu of the accounts described in paragraph (1) of this
26 subsection, the landlord may hold the security deposits in insured certificates of
27 deposit at branches of federally insured financial institutions, as defined in § 1-101 of

1 the Financial Institutions Article, located in the State or in securities issued by the
2 federal government or the State of Maryland.

3 (ii) In the aggregate certificates of deposit or securities shall be
4 sufficient in amount to equal all security deposits for which the landlord is liable.

5 (3) (I) In the event of sale or transfer of the landlord's interest in the
6 leased premises, including receivership or bankruptcy, the landlord or the landlord's
7 estate, but not the managing agent or court appointed receiver, shall remain liable to
8 the tenant and the transferee for maintenance of the security deposit as required by
9 law, and the withholding and return of the security deposit plus interest as required
10 by law, as to all or any portion of the security deposit that the landlord fails to deliver
11 to the transferee together with an accounting showing the amount and date of the
12 original deposit, the records of the interest rates applicable to the security deposit, if
13 any, and the name and last known address of the tenant from whom, or on whose
14 behalf, the deposit was received.

15 (II) A SECURITY DEPOSIT THAT IS MAINTAINED IN A FINANCIAL
16 INSTITUTION AS PROVIDED UNDER THIS SECTION MAY NOT BE ATTACHED BY
17 CREDITORS.

18 (4) Any successor in interest is liable to the tenant for failure to return
19 the security deposit, together with interest, as provided in this section.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2005.