

Department of Legislative Services  
Maryland General Assembly  
2005 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 657

(Delegate Feldman, *et al.*)

Environmental Matters

Judicial Proceedings

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Real Property - Residential Leases - Attachment of Security Deposits

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This bill provides that a security deposit held by a landlord may not be attached by creditors of the landlord or the tenant.

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Fiscal Summary

**State Effect:** Assuming that the Consumer Protection Division receives fewer than 50 complaints per year stemming from this bill, any additional workload could be handled with existing resources.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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Analysis

**Current Law:** A landlord is required to maintain all security deposits in branches of federally-insured financial institutions doing business in the State. The deposits must be kept in interest-bearing accounts, and the accounts must be devoted exclusively to security deposits. In lieu of these accounts, a landlord may hold the security deposits in insured certificates of deposit at branches of federally-insured financial institutions doing business in the State or in securities issued by the federal government or the State.

In the event of transfer of the landlord's interest in the leased premises, the landlord or the landlord's estate, but not a managing agent or court receiver, remains liable to the tenant and the transferee for maintaining the security deposit for any portion of the

security deposit that the landlord fails to deliver to the transferee, together with an accounting of the security deposit containing specified information. A successor in interest is liable to the tenant for failing to return the security deposit, with interest, as required.

A resident's security deposit held by a mobile home park owner is free from any attachment by creditors.

**Background:** Chapter 649 of 1999 repealed the provision making a tenant's security deposit held by a landlord free from any attachment by creditors.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

**Fiscal Note History:** First Reader - February 22, 2005  
mll/jr Revised - House Third Reader - March 29, 2005

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