

HOUSE BILL 508

N1

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By: **Delegates Walker, Bartlett, Boteler, Cane, Elmore, George, Ivey, Kaiser, Olszewski, Rice, Ross, Schuh, Stukes, F. Turner, and Valderrama**

Introduced and read first time: February 1, 2010

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of altering the annual interest rate paid on the security deposit of a
4 tenant under a certain residential lease; and generally relating to residential
5 leases and security deposits.

6 BY repealing and reenacting, with amendments,
7 Article – Real Property
8 Section 8–203(e) and (h)
9 Annotated Code of Maryland
10 (2003 Replacement Volume and 2009 Supplement)

11 BY repealing and reenacting, without amendments,
12 Article – Real Property
13 Section 8–203(f) and (g)
14 Annotated Code of Maryland
15 (2003 Replacement Volume and 2009 Supplement)

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

18 **Article – Real Property**

19 8–203.

20 (e) (1) Within 45 days after the end of the tenancy, the landlord shall
21 return the security deposit to the tenant together with simple interest which has
22 accrued in the amount of [3 percent per annum] **1 PERCENTAGE POINT BELOW THE**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **FEDERAL RESERVE BOARD DISCOUNT RATE AS OF JANUARY 1 OF EACH YEAR,**
2 less any damages rightfully withheld.

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

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

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

10 (f) (1) (i) The security deposit, or any portion thereof, may be
11 withheld for unpaid rent, damage due to breach of lease or for damage by the tenant or
12 the tenant's family, agents, employees, guests or invitees in excess of ordinary wear
13 and tear to the leased premises, common areas, major appliances, and furnishings
14 owned by the landlord.

15 (ii) The tenant has the right to be present when the landlord or
16 the landlord's agent inspects the premises in order to determine if any damage was
17 done to the premises, if the tenant notifies the landlord by certified mail of the
18 tenant's intention to move, the date of moving, and the tenant's new address.

19 (iii) The notice to be furnished by the tenant to the landlord shall
20 be mailed at least 15 days prior to the date of moving.

21 (iv) Upon receipt of the notice, the landlord shall notify the
22 tenant by certified mail of the time and date when the premises are to be inspected.

23 (v) The date of inspection shall occur within five days before or
24 five days after the date of moving as designated in the tenant's notice.

25 (vi) The tenant shall be advised of the tenant's rights under this
26 subsection in writing at the time of the tenant's payment of the security deposit.

27 (vii) Failure by the landlord to comply with this requirement
28 forfeits the right of the landlord to withhold any part of the security deposit for
29 damages.

30 (2) The security deposit is not liquidated damages and may not be
31 forfeited to the landlord for breach of the rental agreement, except in the amount that
32 the landlord is actually damaged by the breach.

33 (3) In calculating damages for lost future rents any amount of rents
34 received by the landlord for the premises during the remainder if any, of the tenant's
35 term, shall reduce the damages by a like amount.

1 (g) (1) If any portion of the security deposit is withheld, the landlord shall
2 present by first-class mail directed to the last known address of the tenant, within 45
3 days after the termination of the tenancy, a written list of the damages claimed under
4 subsection (f)(1) of this section together with a statement of the cost actually incurred.

5 (2) If the landlord fails to comply with this requirement, the landlord
6 forfeits the right to withhold any part of the security deposit for damages.

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

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

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

15 (iii) The landlord, within 45 days of receipt of such notice, shall
16 present, by first-class mail to the tenant, a written list of the damages claimed under
17 subsection (f)(1) of this section together with a statement of the costs actually incurred
18 and shall return to the tenant the security deposit together with simple interest which
19 has accrued in the amount of [3 percent per annum] **1 PERCENTAGE POINT BELOW**
20 **THE FEDERAL RESERVE BOARD DISCOUNT RATE AS OF JANUARY 1 OF EACH**
21 **YEAR**, less any 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
26 by 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
29 interpreted 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, 2010.