

# HOUSE BILL 609

L5

11r0415

---

By: **Montgomery County Delegation and Prince George's County Delegation**  
Introduced and read first time: February 9, 2011  
Assigned to: Environmental Matters

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Washington Suburban Sanitary Commission – Residential Rental Property –**  
3 **Delinquency – Receiver**

4 **MC/PG 106–11**

5 FOR the purpose of authorizing the Washington Suburban Sanitary Commission or  
6 certain persons to institute an action for receivership in certain cases of  
7 delinquency in accounts for water and sewer usage provided to a residential  
8 rental property in the sanitary district under certain circumstances;  
9 establishing a certain procedure for petitioning a circuit court for appointment  
10 of a receiver; requiring a certain court to issue a certain show cause order to  
11 certain persons under certain circumstances; requiring the show cause order to  
12 be posted and served in certain manners; requiring the court to conduct a  
13 certain hearing within a certain period of time; authorizing a receiver to receive  
14 certain money and to take certain actions; requiring a receiver to establish an  
15 escrow account for certain purposes; requiring a receiver to pay certain charges  
16 from the escrow account; providing that certain persons are liable for certain  
17 fees and costs; providing for the termination of a receivership under certain  
18 circumstances; providing that certain actions may not be maintained against  
19 certain persons for a certain period under certain circumstances; providing for  
20 the application of certain rules to a receivership under this Act; defining certain  
21 terms; and generally relating to the Washington Suburban Sanitary  
22 Commission and delinquencies involving residential rental property.

23 BY adding to  
24 Article – Public Utilities  
25 Section 25–504.1  
26 Annotated Code of Maryland  
27 (2010 Replacement Volume)

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Public Utilities**

4 **25-504.1.**

5 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
6 MEANINGS INDICATED.

7 (2) “OWNER” MEANS A PERSON LISTED AS THE HOLDER OF  
8 RECORD OF LEGAL TITLE TO A RENTAL PROPERTY.

9 (3) “RENT” INCLUDES ANY PAYMENT FOR THE USE AND  
10 OCCUPANCY OF A RENTAL PROPERTY UNDER A LEASE.

11 (4) “RENTAL PROPERTY” MEANS PROPERTY CONTAINING AT  
12 LEAST TWO DWELLING UNITS LEASED FOR RESIDENTIAL PURPOSES.

13 (5) “RESPONSIBLE PARTY” MEANS AN OWNER, LANDLORD,  
14 AGENT, MANAGER, OR PERSON OTHER THAN THE TENANT THAT THE  
15 COMMISSION DIRECTLY BILLS FOR WATER AND SEWER USAGE PROVIDED TO A  
16 RENTAL PROPERTY.

17 (6) “TENANT” MEANS A PERSON WHO LEASES OR SUBLEASES A  
18 DWELLING UNIT IN A RENTAL PROPERTY.

19 (B) THIS SECTION APPLIES TO RENTAL PROPERTY IN THE SANITARY  
20 DISTRICT.

21 (C) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS DIVISION, THE  
22 COMMISSION OR A TENANT RESIDING AT A RENTAL PROPERTY MAY INSTITUTE  
23 AN ACTION FOR RECEIVERSHIP UNDER THIS SECTION IF:

24 (I) THE RESPONSIBLE PARTY FAILS TO PAY CHARGES FOR  
25 WATER AND SEWER USAGE IN AN ACCOUNT THAT THE COMMISSION DIRECTLY  
26 BILLS TO THE RESPONSIBLE PARTY; AND

27 (II) THE ACCOUNT BECOMES DELINQUENT.

28 (2) THE COMMISSION OR TENANT SHALL INSTITUTE THE ACTION  
29 BY FILING A PETITION FOR RECEIVERSHIP IN THE CIRCUIT COURT FOR THE  
30 COUNTY WHERE THE RENTAL PROPERTY IS LOCATED.

1           **(3) THE PETITION SHALL:**

2                   **(I) INDICATE THE DELINQUENCY OF THE ACCOUNT AND**  
3 **THE AMOUNT OF ARREARAGE AT THE TIME OF THE PETITION;**

4                   **(II) REQUEST APPOINTMENT OF A RECEIVER TO ACCEPT**  
5 **RENT DUE TO THE RESPONSIBLE PARTY FOR THE RENTAL PROPERTY; AND**

6                   **(III) BE VERIFIED UNDER OATH OR AFFIRMATION.**

7           **(D) (1) ON PRESENTATION BY THE PETITIONER OF A PETITION FOR**  
8 **RECEIVERSHIP, THE COURT IMMEDIATELY SHALL ISSUE AN ORDER REQUIRING**  
9 **THE RESPONSIBLE PARTY, AS RESPONDENT, TO SHOW CAUSE WHY A RECEIVER**  
10 **SHOULD NOT BE APPOINTED.**

11           **(2) THE ORDER AND A COPY OF THE PETITION SHALL BE:**

12                   **(I) POSTED IN A CONSPICUOUS PLACE AND MANNER AT THE**  
13 **RENTAL PROPERTY; AND**

14                   **(II) SERVED ON THE OWNER AND, IF DIFFERENT, THE**  
15 **RESPONSIBLE PARTY:**

16                           **1. AT THEIR RESPECTIVE LAST KNOWN ADDRESSES;**  
17 **OR**

18                           **2. IN ANOTHER MANNER THAT THE COURT DIRECTS.**

19           **(E) (1) THE COURT SHALL CONDUCT A HEARING ON THE SHOW**  
20 **CAUSE ORDER WITHIN 72 HOURS AFTER THE ISSUANCE OF THE ORDER OR ON**  
21 **THE FIRST BUSINESS DAY AFTER THAT TIME.**

22                   **(2) ON A PRIMA FACIE SHOWING, BY AFFIDAVIT, TESTIMONY, OR**  
23 **OTHERWISE, THAT A DELINQUENT ACCOUNT FOR WATER AND SEWER USAGE**  
24 **CHARGES REMAINS UNPAID, THE COURT SHALL PROMPTLY APPOINT A**  
25 **RECEIVER TO COLLECT RENT FROM THE TENANTS.**

26           **(3) THE ESTATE SUBJECT TO RECEIVERSHIP IS THE AMOUNT OF**  
27 **THE ARREARAGE FOR WATER AND SEWER USAGE THAT THE COMMISSION**  
28 **PROVIDES TO THE RENTAL PROPERTY AND IS DUE AND UNPAID.**

29           **(F) (1) THE RECEIVER MAY TAKE ANY ACTION THE RECEIVER**  
30 **CONSIDERS NECESSARY OR APPROPRIATE TO COLLECT ALL RENTS FROM THE**  
31 **RENTAL PROPERTY.**

1           **(2) THE RECEIVER SHALL ESTABLISH AN ESCROW ACCOUNT AND**  
2 **DEPOSIT ALL RENTS RECEIVED FROM TENANTS OF THE RENTAL PROPERTY IN**  
3 **THE ESCROW ACCOUNT.**

4           **(3) THE RECEIVER:**

5                 **(I) SHALL PAY THE COMMISSION FROM THE ESCROW**  
6 **ACCOUNT FOR ALL WATER AND SEWER USAGE PROVIDED TO THE RENTAL**  
7 **PROPERTY ON AND AFTER THE DATE OF THE RECEIVER'S APPOINTMENT; AND**

8                 **(II) MAY USE THE ESCROW ACCOUNT TO REDUCE OR**  
9 **ELIMINATE THE ARREARAGE IN WATER AND SEWER USAGE CHARGES OWED TO**  
10 **THE COMMISSION.**

11           **(4) ON COURT ORDER, THE RECEIVER SHALL BECOME THE**  
12 **TRUSTEE OF ANY ESCROW ACCOUNT OR OTHER FUND, ESTABLISHED BY THE**  
13 **TENANTS OR OTHERWISE, INTO WHICH RENT HAS BEEN PAID.**

14           **(G) (1) THE RESPONSIBLE PARTY IS LIABLE FOR REASONABLE FEES**  
15 **AND COSTS OF THE RECEIVERSHIP THAT THE COURT DETERMINES TO BE DUE**  
16 **TO THE RECEIVER.**

17           **(2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE**  
18 **RECEIVER MAY BE PAID FOR FEES AND COSTS OUT OF RENT IN THE ESCROW**  
19 **ACCOUNT.**

20           **(3) A RECEIVER MAY BE PAID FOR FEES AND COSTS FROM RENT**  
21 **ONLY AFTER CURRENT CHARGES FOR WATER AND SEWER USAGE HAVE BEEN**  
22 **PAID.**

23           **(H) THE COURT SHALL TERMINATE THE RECEIVERSHIP UNDER THIS**  
24 **SECTION WHEN THE COURT FINDS THAT THE ARREARAGE THAT WAS THE**  
25 **SUBJECT OF THE ORIGINAL PETITION HAS BEEN SATISFIED.**

26           **(I) AN ACTION FOR DISTRESS FOR RENT OR OTHER ENFORCEMENT**  
27 **ACTION UNDER TITLE 8 OF THE REAL PROPERTY ARTICLE MAY NOT BE**  
28 **MAINTAINED BY A RESPONSIBLE PARTY AGAINST A TENANT FOR MONEY THAT IS**  
29 **THE SUBJECT OF A RECEIVERSHIP UNDER THIS SECTION UNTIL THE**  
30 **RECEIVERSHIP IS TERMINATED.**

31           **(J) TITLE 13 OF THE MARYLAND RULES SHALL GOVERN A**  
32 **RECEIVERSHIP UNDER THIS SECTION TO THE EXTENT THAT THOSE PROVISIONS**  
33 **ARE NOT INCONSISTENT WITH THIS SECTION.**

1           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2    July 1, 2011.