

HOUSE BILL 917

N1
HB 970/05 – ENV

11r2254

By: **Delegate McMillan**

Introduced and read first time: February 11, 2011

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 interest rate paid on a security deposit under a
4 residential lease at the end of a tenancy; altering the interest rate paid on a
5 security deposit under a residential lease when an evicted or ejected tenant
6 makes a timely written demand for return of the security deposit; providing for
7 the application of this Act; and generally relating to the interest paid on
8 security deposits under residential leases.

9 BY repealing and reenacting, with amendments,
10 Article – Real Property
11 Section 8–203(e) and (h)
12 Annotated Code of Maryland
13 (2010 Replacement Volume and 2010 Supplement)

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

16 **Article – Real Property**

17 8–203.

18 (e) (1) **(I)** Within 45 days after the end of the tenancy, the landlord
19 shall return the security deposit to the tenant together with simple interest which has
20 accrued [in the amount of 3 percent per annum] **AT THE RATE SPECIFIED IN**
21 **SUBPARAGRAPH (II) OF THIS PARAGRAPH**, less any damages rightfully withheld.

22 **(II) THE INTEREST RATE PAID ON A SECURITY DEPOSIT**
23 **UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE THE RATE:**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **1. PAID BY THE FINANCIAL INSTITUTION**
2 **MAINTAINING THE ACCOUNT IN WHICH THE SECURITY DEPOSIT IS HELD; AND**

3 **2. PREVAILING ON THE DATE THE LANDLORD GIVES**
4 **THE TENANT A RECEIPT FOR THE SECURITY DEPOSIT UNDER § 8-203.1 OF THIS**
5 **SUBTITLE.**

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

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

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

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

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

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

21 (iii) **1.** The landlord, within 45 days of receipt of such notice,
22 shall present, by first-class mail to the tenant, a written list of the damages claimed
23 under subsection (f)(1) of this section together with a statement of the costs actually
24 incurred and shall return to the tenant the security deposit together with simple
25 interest which has accrued [in the amount of 3 percent per annum] **AT THE RATE**
26 **SPECIFIED IN SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH**, less any damages
27 rightfully withheld.

28 **2. THE INTEREST RATE PAID ON A SECURITY**
29 **DEPOSIT UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH SHALL BE THE**
30 **RATE:**

31 **A. PAID BY THE FINANCIAL INSTITUTION**
32 **MAINTAINING THE ACCOUNT IN WHICH THE SECURITY DEPOSIT IS HELD; AND**

33 **B. PREVAILING ON THE DATE THE LANDLORD GIVES**
34 **THE TENANT A RECEIPT FOR THE SECURITY DEPOSIT UNDER § 8-203.1 OF THIS**
35 **SUBTITLE.**

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

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

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

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
10 construed to apply only prospectively and may not be applied or interpreted to have
11 any effect on or application to any residential leases entered into before the effective
12 date of this Act.

13 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 October 1, 2011.